



**REVISED INITIAL
ANNUAL INFORMATION FORM**

May 18, 2001

TABLE OF CONTENTS

THE FUND	1
DEVELOPMENT OF THE BUSINESS	2
MACLAREN ENERGY SYSTEM	3
POWELL RIVER ENERGY SYSTEM	9
GUARANTEE AGREEMENT	10
O&M AGREEMENT	11
ADMINISTRATION AGREEMENT	12
POWER GENERATION OUTLOOK	12
THE TRUST AGREEMENT OF THE FUND	14
GREAT LAKES POWER TRUST AGREEMENT	16
OFFICERS AND DIRECTORS OF THE FUND	17
FINANCING ACTIVITIES	17
SELECTED FINANCIAL INFORMATION	18
QUARTERLY OPERATING RESULTS	19
MANAGEMENT'S DISCUSSION AND ANALYSIS	19
DISTRIBUTION POLICY	19
CONFLICT OF INTEREST	19
AUDITORS, TRANSFER AGENTS AND REGISTRARS	20
MARKET FOR SECURITIES	20
LEGAL PROCEEDINGS	20
TRUSTEES OF THE FUND AND OF GREAT LAKES POWER TRUST	20
ADDITIONAL INFORMATION	22
GLOSSARY	23

THE FUND

Great Lakes Hydro Income Fund (the "**Fund**") is an unincorporated open-ended trust created by a Trust Agreement dated September 14, 1999 under the laws of the Province of Québec. The primary business of the Fund and of its subsidiary is to own electricity generating facilities. Great Lakes Power Inc. ("Great Lakes") holds 50% of the Fund's units and the other 50% is held by the public. The Fund is administrated by Maclaren Energy Inc. ("Maclaren"), a wholly-owned subsidiary of Great Lakes Power, and has no employees.

The head office of the Fund is located at 2 Chemin Montréal-Ouest, Masson-Angers, Québec, J8M 1K6.

The Fund owns indirectly through Great Lakes Power Trust ("GLPT"), a wholly owned Trust the Maclaren Energy System on the Lièvre River in Quebec and a 50% interest in the Powell River Energy System in British Columbia. The combined facilities owned by the Fund include five hydroelectric generating stations with an installed capacity of 320 megawatts (MW) and 70 kilometres (km) of transmission lines with interconnections to the Quebec, Ontario and British Columbia power grids.

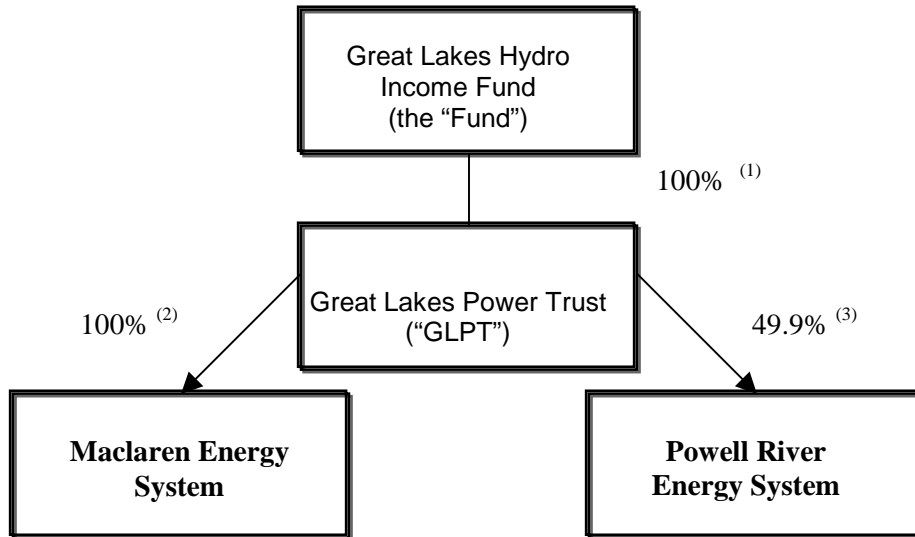
The following table sets forth selected financial information and operating statistics with respect to the Fund since its inception:

<i>Thousands, except otherwise specified and per unit amounts</i>	2000 ⁽²⁾	1999 ⁽¹⁾
Financial position (cdn dollars)		
Assets	\$333,436	\$331,185
Liabilities	112,569	108,110
Unitholder's equity	220,867	223,075
 Revenue, net income and distributable cash (cdn dollars)		
Gross revenues	\$54,096	\$6,647
Net income	21,197	3,068
Distributable cash	27,357	3,458
Net income per trust unit	0.95	0.13
Distributable cash per trust unit	1.23	0.15
Distribution per trust unit	1.05	0.13
 Installed capacity (Megawatts)		
Maclaren Energy System	238	238
Powell River Energy System	-	-
	238	238
 Electricity generation (Gigawatt hours)		
Maclaren Energy System	1,554	193
Powell River Energy System	-	-
	1,554	193

(1) Revenue and Net Income for 1999 are for the 43-day period after the Fund commenced operation on November 18, 1999.

(2) Year 2000 does not include Powell River Energy System, which was acquired on February 2, 2001.

The following diagram provides a description of the relationship between the Fund, GLPT and the power systems as at May 2, 2001:



- (1) The Fund holds 100% of all the GLPT units and the GLPT notes.
- (2) GLPT owns the Maclaren Energy System directly.
- (3) GLPT owns indirectly, through a wholly owned trust, Powell River Energy Trust ("PRET"), 5% of the common shares of Powell River Energy Inc. ("PREI") and 47,370 warrants convertible into 47,370 shares of PREI for nominal consideration, at the option of GLPT or the other shareholder of PREI. The full conversion of the warrants would give GLPT a 49.9% ownership in PREI. PREI owns the Powell River Energy System.

DEVELOPMENT OF THE BUSINESS

On November 17, 1999, Nexfor Inc. ("**Nexfor**") subscribed to 22,290,476 Units of the Fund for a cash consideration of \$223 million which was used by the Fund to purchase the GLPT Units and the GLPT Notes. In addition, Nexfor provided GLPT with a secured loan of \$100 million and two Canadian Chartered banks made available to GLPT a \$50 million revolving line of credit and term loan.

On November 18, 1999 GLPT acquired from Nexfor a fully integrated hydroelectric power generating, transmission and distribution system consisting of ten generating units located in three generating stations located on the Lièvre River in the province of Quebec (the "Maclaren Energy System"), including approximately 50 km of transmission lines which have four interconnections with the Hydro-Quebec power grid and two with the Hydro One power grid for cash consideration of \$318 million.

Under a prospectus dated October 27, 1999, Nexfor qualified the distribution and sale to the public of 14,187,143 Units on November 18, 1999 (including 6,687,143 units acquired by Great Lakes) and an additional 3,354,048 Units on December 17, 1999 (including 2,229,048 units acquired by Great Lakes) at a price of \$10 per unit.

On April 25, 2000, GLPT completed a private placement debt offering of three series of Mortgage Bonds maturing 5, 10 and 15 years, for an aggregate amount of \$100 million. The proceeds of such private placement were used to repay the secured loan granted to GLPT by Nexfor for the acquisition of the Maclaren Energy System.

On May 24, 2000, Great Lakes increased its interest in the Fund from 40% to 50% by purchasing 2,229,047 Units from Nexfor at a price of \$10.00 per Unit.

Under a prospectus dated June 28, 2000, Nexfor qualified the distribution and sale to the public of its remaining 2,250,238 Units at a price of \$10.10 per Unit. Following the closing of this offering, 50% of the Units were owned by Great Lakes and 50% by the public.

On February 2, 2001, the Fund indirectly acquired, through PRET a 50% economic interest in PREI for a cash consideration of \$13 million. Concurrently, PREI purchased two hydroelectric facilities located in British Columbia (the "Powell River Energy System") from Pacifica Papers Inc. ("Pacifica Papers") for a cash consideration of \$113 million and the assumed future tax liability of \$37 million.

PRET is an unincorporated open-ended unit trust created by a trust agreement dated November 3, 2000 and governed by the laws of the Province of Québec. PRET was established to acquire the interest in the Powell River facilities.

PREI is a corporation amalgamated under the *Canadian Business Corporations Act*.

The Powell River Energy System includes two hydroelectric generating stations with an installed capacity of 82 MW which produces over 500 GWh of electricity annually. All of the energy produced by the Powell River Facilities will be sold to Pacifica Papers, pursuant to a 10 year-term "take or pay" agreement dated January 31, 2001.

MACLAREN ENERGY SYSTEM

Overview

The Maclaren Energy System is located in western Quebec along the Lièvre River, a tributary of the Ottawa River, which it joins at approximately 30 km east of the city of Hull. The Maclaren Energy System's watershed area covers approximately 9,650 square km and produces approximately 1,418 GWh of electricity on average annually.

The Maclaren Energy System was built by James Maclaren Industries Inc. to service the electricity needs of its pulp and paper operations and other industry customers in the area and consists of three generating stations containing 10 generating units with a total installed capacity of 238 MW. These include Masson, located at the town of Masson-Angers on the Lièvre River; Dufferin, located in the city of Buckingham 5 km upstream; and High Falls, located 40 km north of the Ottawa River.

Water for these facilities is stored primarily at three reservoirs located upriver on the Lièvre River and on two of its tributaries: Poisson Blanc, on the Lièvre River approximately 47 km north of High Falls; Kiamika, on the Kiamika River, a tributary of the Lièvre, 150 km north of the Ottawa River; and Mitchinamécus, on the Mitchinamécus River, another tributary of the Lièvre, 237 km north of the Ottawa River. These three reservoirs are owned and operated by the Government of Quebec and have a total usable water storage of 15,431 cms days.

The Maclaren Energy system also includes five substations and approximately 50 km of 120 kV transmission lines with four interconnections with the Quebec power grid and two interconnections across the Ottawa River with the Ontario power grid.

Power is delivered through this transmission system to a number of local industry customers.

Currently, the major customers of the Maclaren Energy System are a newsprint mill owned by Papier Masson Ltée (the "**Masson Newsprint Mill**"), and a kraft pulp mill (the "**Thurso Pulp Mill**"), currently owned by Nexfor. The Masson Newsprint Mill power purchase agreement expires in 2008 and the Thurso Pulp Mill power purchase agreement expires in 2009.

Great Lakes guarantees, except in certain limited circumstances, a guaranteed price for all electricity produced and delivered by the Maclaren Energy System. See "Guarantee Agreement".

The following table illustrates the current customers who represent more than 10% of the sale of electricity in 2001:

CUSTOMER	% OF TOTAL SALE IN 2001
Masson Newsprint Mill	37.7%
Thurso Pulp Mill	15.0%
Maclaren Energy Inc.	17.2%

Generating Facilities

The following table sets forth the principal attributes of the Maclaren Energy Systems' generating stations:

Name	Installed capacity in MW	Operating Head in metres	Annual Energy Generation in GWh (1)	Number of Generating Units	Generating Unit Type
Masson	105	56	650	4	Francis
Dufferin	38	18	200	2	Kaplan
High Falls	95	55	568	4	Francis
Total	238		1,418	10	

(1) Net of transmission and other losses, assuming average water flows of the period of 54 years from 1944 to 1998 in the Lièvre River and including a 1.8% increase in generation based on the use of the Water Management Optimization System.

Masson Generating Station

The Masson Generating Station, the largest of the three power stations on the Lièvre River, is located in the town of Masson-Angers, just north of the Ottawa River. Water for the power station is retained by the Rhéaume dam and a water intake structure located approximately 1.5 km upstream from the powerhouse. The maximum flow of the powerhouse is 225 cms. The Masson power facilities also include an interconnection with the Quebec power grid and two transmission lines that connect across the Ottawa River with the Ontario power grid. Masson is the operating centre for the three power stations in the Maclaren Energy power system.

Masson is a run-of-the-river station with a small forebay. The normal maximum pond level is at an elevation of 101 m. Flood handling at Masson is via a 103 m gated overflow spillway section equipped with eight flood gates and two regulating gates, a 24 m overflow section and a 3.7 m trash sluice equipped with a vertical lift gate.

The headpond is formed by the Rhéaume Dam, a 266 m long concrete gravity structure. The dam includes a 46 m long left embankment behind a concrete retaining wall, a 49 m long intake structure, a 127 m long spillway section and a 40 m right embankment behind a projecting retaining wall. A 1.5 km long concrete-lined power tunnel conveys water flows from the intake structures at the dam to the powerhouse. Two steel surge tanks prevent excessive pressure fluctuations in the tunnel and the penstocks.

The Masson powerhouse is a brick building and contains four generating units with associated auxiliary equipment and a 170-ton capacity overhead bridge crane.

Dufferin Generating Station

The Dufferin generating station, the second station on the Lièvre River, is located in the city of Buckingham, 5 km north of the Ottawa River. The plant has an installed capacity of 38 MW at a design head of 18 m and a maximum flow of 245 cms. The main features include a dam and spillway, an intake structure and powerhouse.

Dufferin is a run-of-the-river station with a small forebay. The normal maximum pond level is at an elevation of 123 m. Flood handling at Dufferin is via an overflow dam with two spillway sections.

The dam is a concrete gravity structure with a maximum height of approximately 12 m and a crest length of 185 m. The dam includes an intake structure consisting of six intake openings with water passages leading to the turbines in the powerhouse and a gatehouse.

The Dufferin powerhouse consists of a reinforced concrete substructure built on rock and a superstructure with structural steel columns and trusses and concrete walls. The power facilities are comprised of two generating units with associated auxiliary equipment and a 100-ton capacity overhead bridge crane.

High Falls Generating Station

The High Falls generating station, the third power station on the Lièvre River, is located 40 km north of the Ottawa River. The site consists of a dam and intake structure, with penstocks leading to a powerhouse at the bottom of the falls.

High Falls is a run-of-the-river station with a small forebay. The normal maximum pond level is at an elevation of 190 m. Flood handling at High Falls is via a gated overflow spillway section equipped with 11 « stoney gates ».

The water retaining structure consists of two channel dams separated by an island. The north channel is a 183 m long concrete gravity structure. The south channel is 232 m long and includes a concrete gravity structure and an intake structure. Four 86 m long penstocks bring the water from each intake unit to its respective turbine in the powerhouse. Water for the High Falls station is stored primarily in three reservoirs located upstream on the Lièvre River and its tributaries, which have a combined storage capacity of 15,425 cms days.

The High Falls powerhouse contains four generating units, with associated auxiliary equipment and a 150-ton overhead bridge crane. The building has a superstructure of structural steel with brick exterior finish and concrete floors.

Reservoirs

The Maclaren Energy System holds the right to have water stored in three upstream reservoirs owned by the Government of Québec and operated by the Ministère de l'Environnement. The reservoirs enable the Maclaren Energy System to manage more effectively the water flows of the Lièvre River by delaying the time of use of the stored water to minimize water spills and to better meet the power requirements of customers. The reservoirs have a maximum water storage capacity of approximately 1.6 billion cubic metres of water representing approximately 390 GWh of electricity.

The following table sets forth the principal attributes of the supplemental storage reservoirs:

Site Name	Normal Operational Storage in cms	Watershed area in km ²	Structure Name	DAM AND DIKE ATTRIBUTE			
				Type	Discharge capacity in cms	Length in m	Height in m
Mitchinamecus	4,067	932	Main	Concrete dam	298	253	15
			La Loutre	Rock-filled dam	138	280	20
			Réal	Masonry-saddle	—	—	—
			Menjo	Masonry-saddle	—	194	7.6
Kiamika	3,062	704	Kiamika dam	Concrete dam	580	270	15
			Morier	Earth-filled dike	—	732	20
			Kiamika #2	Earth-filled dike	—	366	19
			Kiamika #5	Earth-filled dike	—	132	5
Poisson-Blanc	8,302	6,034	Rapide-des-Cèdres	Concrete dam	2,890	265	17.5
			Cauchon a & b	Rock-filled dike	—	—	—
			Campion	Earth-filled dike	—	329	10.5

Mitchinamecus Reservoir

The Mitchinamecus reservoir was built in 1942 on the Mitchinamecus River, a large tributary of the Lièvre River, to increase the water control of the Lièvre River watershed. The Mitchinamecus reservoir necessitated the construction of (i) the Mitchinamecus dam, which controls the water flowing from the Mitchinamecus River, (ii) the La Loutre dam, which controls the water flowing from the La Loutre River, and (iii) the Réal and Menjo dikes. The watershed area of the reservoir is approximately 932 km². The Mitchinamecus dam has a discharge capacity of 298 cubic metres of water per second. The La Loutre dam has a discharge capacity of 138 cubic meters of water per second.

Kiamika Reservoir

The Kiamika reservoir was built in 1954 to increase the water control of the Lièvre River. In order to build the reservoir, it was necessary to construct the Kiamika dam, the Morier dike and the Kiamika #2 and #5 dikes. The watershed area of the reservoir is approximately 704 km². The Kiamika dam consists of two overflow sections located east and west of the flooding and control section. The discharge capacity of the Kiamika dam is 580 cubic meters of water per second.

Poisson-Blanc Reservoir

The Poisson-Blanc reservoir was developed concurrently with the construction of the High Falls and Masson generating stations to regulate the flow of the Lièvre River and increase the productivity of these two hydroelectric generating stations. The Poisson-Blanc reservoir necessitated the construction of the Rapide-des-Cèdres concrete dam, two rock-filled dikes at Lake Cauchon and an earth-filled dike at Lake Campion. The Lake Cauchon and Lake Campion dikes were constructed to prevent an overflow of the water from the reservoir into adjacent watersheds. The watershed area of the reservoir is approximately 6,034 km² excluding the Mitchinamecus and Kiamika reservoirs. The Rapide-des-Cèdres Dam has a discharge capacity of 2,890 cubic meters of water per second.

Transmission and interconnection capacity

The following table sets forth the principal attributes of the Maclaren Energy System's Transmission and interconnection capacity:

Description	Location	Transmission capacity in MW	Length in km	Operating voltage in kv
Transmission Excluding Interconnections			47.8	4.8-120
Interconnections:				
Hydro-Québec	Masson	240	0.2	120
Hydro-Québec	High Falls	10	1.5	13.2
Hydro-Québec	High Falls	60	—	120
Hydro-Québec	Thurso	110	—	120
Hydro One	Masson	120	0.3	120
Hydro One	Masson	240	0.3	230
Hydro One	Masson	400 ⁽¹⁾	0.3	230

(1) Capacity rating of emergency link between Hydro Quebec and Hydro One.

All three generating stations are connected to the Transmission System (120 kV) composed of five substations and approximately 50 km of transmission lines supported by steel towers. The Transmission System is located entirely in the Province of Québec and has four interconnection points with Hydro-Québec's power grid and two interconnection points with Ontario power grid.

The Transmission System connects the generating stations to electrical substations using 120 kV lines and distributes the electricity to various delivery points at the appropriate voltage level to be received by customers of the Maclaren Energy System. Two large industrial customers are connected directly to the Transmission System. In addition, the Maclaren Energy System delivers electricity to one large and two smaller customers through its substation located in Thurso, Québec that is not directly linked to its Transmission System. The substation in Thurso is an interconnection point with Québec's power grid maintained pursuant to an operating agreement with Hydro-Québec.

The Transmission System also has a 240 MW interconnection to the Québec power grid at Masson, In addition, two interconnections are located at High Falls, one being a 13.2 kV feeder line supplying a small substation owned by Hydro-Québec and the other is a 120 kV line, interconnected to Hydro-Québec's power grid which services the Mont-Laurier area.

The Transmission System has transmission lines going to the Ontario power grid. The lines pass over the Ottawa River using two corridors, the East and West corridors. The West corridor is a double circuit line constructed in 1949 and designed to operate at 230 kV. This line was upgraded in 2000 and provides 240 MW of transmission capacity on a continuous basis and an emergency transmission service on a temporary basis of 400 MW between the Hydro Quebec and Hydro One systems. The East corridor was built in 1931 and is operated at 120 kV. This line is used to supply the Ontario power grid and its import capabilities are limited to approximately 30 MW due to constraints in the Hydro One system. Hydro-Québec has an option to purchase the rights to use the East corridor for a cash consideration of \$500,000.

Hydraulic Power and Water Storage

The Maclaren Energy System benefits from a combination of privately-owned and publicly-owned hydraulic power. The total hydraulic head available (difference in elevation) of the three generating stations is 425 feet.

As a result of its ownership of a series of land and water lots, GLPT owns approximately 90% of the hydraulic power used by the Maclaren Energy System, which gives GLPT the perpetual right to use 382 feet of the hydraulic head to generate electricity. Ownership of hydraulic power offers several advantages including: (i) the right to use the hydraulic power is perpetual, and (ii) no fee is payable except for the statutory royalty payable by all holders of hydraulic power, other than Hydro-Québec.

The remaining 10% of the hydraulic power used by the Maclaren Energy System is made available pursuant to a twenty-year Hydraulic Power Contract with the Ministre des Ressources Naturelles and the Ministre de l'Environnement of the Province of Québec.

Under the Hydraulic Power Contract, Maclaren Energy System pays to the Ministère des Ressources Naturelles a royalty of \$0.51 per MWh produced by the Maclaren Energy System using the publicly-owned hydraulic power on the Lièvre River. This is in addition to the statutory royalty of \$2.31 per MWh. The Hydraulic Power Contract may be renewed at the option of GLPT for a further twenty-year period upon satisfaction by GLPT of such renewal conditions, which are in force at such time.

The Hydraulic Power Contract also grants the Maclaren Energy System the right to have water stored in three reservoirs, namely the Poisson-Blanc, Kiamika and Mitchinamecus reservoirs. These reservoirs are used to store water and regulate the water flows of the Lièvre River. The ability to store water and regulate flows to the generating stations, provides, among other things, for additional electricity generation by the retention of water, which would otherwise be spilled due to the capacity limits of the Maclaren Energy System. In consideration of such right, the Maclaren Energy System pays to the Ministère des Ressources Naturelles (i) an aggregate fee of \$1.51 per MWh generated by the Maclaren Energy System from stored water, (ii) substantially all of the ongoing maintenance and operating costs of the dams and dikes of the three reservoirs (currently, approximately \$400,000 per year), (iii) substantially all of the capital expenditures incurred in connection with these dams and dikes and (iv) an amount of approximately \$50,000 per year for flooding rights over public lands.

THE POWELL RIVER ENERGY SYSTEM

The Powell River Energy System was built to supply the electricity needs of the pulp and paper facilities located in the town of Powell River on the west coast of the British Columbia mainland, approximately 160 km north of Vancouver. The power system's production base consists of two generating stations containing seven generating units with a total installed capacity of 82 MW producing in excess of 520 GWh on an average annual basis. The Powell River generating station comprises three powerhouses containing five generating units located in the town of Powell River. The Lois generating station consists of one powerhouse containing two units located 16 km south of the Powell River facilities. Water for the facilities is stored in two large lakes created by the dams of the two facilities. Powell Lake is approximately 42 km in length. Lois Lake, together with three interconnected lakes, is approximately 16 km in length. These lakes have a total usable water storage of 12,241 cms days. The system is interconnected to the British Columbia power grid and includes 20 km of transmission lines, which deliver power from the Lois Lake facilities to Powell River.

Powell River Generating Station

The Powell River facilities include three powerhouses, which are located in the Powell River municipality. The powerhouses supply the electrical needs of the pulp and paper mill located on the site. Each powerhouse is connected to a common electrical distribution system, which is interconnected to the British Columbia power grid. The historical average annual electricity production for the Powell hydroelectric facilities is approximately 309 GWh.

The facilities have a very large forebay in the form of Powell Lake. The typical annual operating range is 1.8 m and the lowest usable level is at an elevation of 82.6 m. The dam has a spillway incorporating 19 spill gates. The dam has created an upstream reservoir approximately 42 km in length and the usable water storage capacity is 8,280 cms days.

The Powell hydroelectric facility includes a concrete gravity dam 185 m long at the crest. The dam is approximately 17 m high and creates a maximum of 87 m of head at the generating units. Water from the dam is conveyed to the generating equipment at the foreshore of Malaspina Strait via a series of four steel penstocks.

The Powell hydroelectric facility includes three powerhouses containing five generating units (Powell #1 to #5). Powell #1 is a 50 Hz generator, with an actual capacity of 10 MW. The remaining units are 60 Hz with a total capacity of 36 MW.

Lois Lake Generating Station

The Lois Lake facilities consist of a powerhouse, located 16 km south of the municipality of Powell River and was built to meet the electrical needs of the pulp and paper mill located in Powell River. The historical average annual electricity production for the Lois Lake hydroelectric facility is approximately 214 GWh.

The spillway consists of a six-bay structure with one 3 m wide and five 6 m wide openings, all controlled by radial gates attached to the dam. A curved wing wall exists along the left side of the spillway channel. The dam is approximately 59 m high and has created an upstream reservoir, which, together with Horseshoe Lake, Dodd Lake and Khartoum Lake, is 16 km in length. The dam has a spillway incorporating six spill gates. The usable water storage capacity is 3,961 cms days.

The dam is a concrete arch dam 230 m long at the crest. The dam was originally constructed to an elevation of 153 m and raised to its present elevation of 159.1 m. Water from the dam at Lois Lake is conveyed to the generating equipment by a 2,886 m long steel and concrete penstock. Approximately 1,785 m of the waterway passes through a concrete lined tunnel that is bored through the rock of the mountain located between the dam and the generating facilities.

The Lois Lake hydroelectric facility includes a powerhouse containing two generating units (Lois #1 and Lois #2). The powerhouse is located near the foreshore where the Lois River empties into the Malaspina Strait. Both Lois #1 and #2 are 60 Hz turbine generators with a rated capacity of 18 MW, for a total capacity of 36 MW. The electricity generated at the Lois Lake hydroelectric facility is transmitted by two 69 kV transmission lines to the Powell River distribution system.

GUARANTEE AGREEMENT

On September 30, 1999 GLPT entered into the Power Agency and Guarantee Agreement ("Guarantee Agreement") with Great Lakes, pursuant to which Great Lakes guarantees, except in certain limited circumstances, to GLPT the price (the "**Guaranteed Price**") of each MWh of energy produced and delivered by the Maclaren Energy System. The Guaranteed Price is (i) \$37 per MWh for 1,065,000 MWh of generation in any given year, and (ii) \$30 per MWh for generation in excess of 1,065,000 MWh in any given year. Since January 1, 2001, the Guaranteed Price is subject to an annual adjustment equal to the lesser of 3% or 40% of the increase in the Consumer Price Index ("CPI") during the previous year.

Should the total revenues of the Maclaren Energy System, from all sources, for any month, be less than the Guaranteed Price for Energy at the end of such month, then Great Lakes will pay to GLPT an amount equal to such deficiency.

In the years when Great Lakes is able to sell electricity produced by the Maclaren Energy System for prices in excess of the Guaranteed Price, Great Lakes will receive each month the positive difference, if any, between (i) the revenues received from sales of electricity and all ancillary services and (ii) the Guaranteed Price.

Hydrology Reserve Facility

A hydrology reserve facility is provided by Great Lakes to GLPT to a maximum amount of \$15 million in order to levelize cash distributions to Unitholders as a consequence of changes in hydrology from year to year. The facility is available for a period ending on the earlier of (i) November 18, 2014 and (ii) the date of the sale of all or substantially all of the Maclaren Energy System. GLPT is entitled to draw up to \$5 million per Contract Year for such purposes.

Services Provided by Great Lakes

Under the Guarantee Agreement, Great Lakes is appointed as the exclusive agent of GLPT in respect of sales of electricity, transmission and other additional services and provides sales services, including the negotiation of power purchase agreements between GLPT and its customers. In addition, Great Lakes negotiates, on behalf of GLPT, purchases of electricity and energy storage and operating agreements with interconnected utilities.

Great Lakes also schedules, dispatches and transmits electricity production and electricity supplied by third parties in accordance with prudent industry practice.

Great Lakes receives, for acting as the exclusive agent of GLPT in respect of the sale of electricity and providing sales, scheduling, dispatch and transmission services, an annual amount of \$500,000, subject to an annual adjustment equal to the increase in the Consumer Price Index during the previous year, reflecting the recovery of its annual costs associated with providing such services.

Operations of the Business

Great Lakes is responsible for providing appropriate and timely instructions to Maclaren in relation to the generation and transmission of electricity by the Maclaren Energy System, and preparing the Annual Operating Plan for each year. Such plan is submitted to the trustees of GLPT for their approval. Great Lakes is not required to devote its personnel and resources exclusively for GLPT.

Term

The Guarantee Agreement has an initial term of twenty years which expires on December 31, 2019 and, except for the provisions concerning the Guaranteed Price, is renewable for successive five-year terms, at the option of Great Lakes, unless the trustees of GLPT resolve to sell the Maclaren Energy System at the end of such term or of any renewal term or if GLPT has committed an event of termination and such event is continuing.

O&M AGREEMENT

On September 30, 1999, GLPT entered into the Management, Operations and Maintenance Agreement (“O&M Agreement”) with Maclaren. Pursuant to this agreement, Maclaren operates and maintains the Maclaren Energy System in accordance with prudent industry practice and the Annual Operating Plan. Maclaren also performs management services for GLPT including: (i) reporting to the trustees of GLPT; (ii) accounting and financial services, including coordination and management of the accounting, cash management, treasury and other systems; (iii) preparing financial statements and other financial reports; and (iv) preparing annual plans and budgets. Approximately 45 employees of Maclaren are assigned to GLPT, which does not have any employees.

All costs and expenses incurred by Maclaren on behalf of GLPT in relation to the operations and maintenance of the Maclaren Energy System and the management of GLPT are reimbursed to Maclaren by GLPT. These costs include operating and maintenance costs and capital improvement costs. Maclaren does not receive any fee from GLPT for the provision of these services.

The O&M Agreement may be terminated only upon the occurrence of a limited number of events. A party may terminate if the other party (i) has failed to pay an amount when due and such failure has not been remedied within 15 days, (ii) has breached or failed to observe or perform any of its material obligations under the O&M Agreement and such breach or failure is not remedied within 45 days of notice thereof from the other party, or (iii) is insolvent, bankrupt, liquidated, wound up or otherwise acknowledges its insolvency. In addition, GLPT may terminate the O&M Agreement if Maclaren is an affiliate of Great Lakes at the relevant time and the Guarantee Agreement has been terminated early.

Pursuant to a Management, Operations and Maintenance Agreement dated January 31, 2001, among Maclaren Energy Management Services Inc. a wholly owned subsidiary of Great Lakes (“MEMS”), PREI and Pacifica Papers, MEMS has agreed to provide management and operations services to PREI and to see to the maintenance of the Powell River Facilities.

POWER PURCHASE AGREEMENT

On January 31, 2001, PREI entered into a 10 year Power Purchase Agreement (“PPA”) with Pacifica. Pursuant to this agreement, Pacifica will purchase all the energy generated by the Powell River Energy System at an energy rate of 3.495¢ per kwh. The energy rate is subject to an annual adjustment of 20% of the increase in the CPI for the prior calendar year.

ADMINISTRATION AGREEMENT

On September 30, 1999, the Fund and Maclaren entered into an Administration Agreement. Under this Administration Agreement, Maclaren provides certain administrative and support services to the Fund and all costs relating thereto will be for the account of the Fund, including those necessary to: (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Trust Agreement including relevant information with respect to income taxes; (iv) call, hold and distribute materials, including notices of meetings and information circulars in respect of all meetings of Unitholders; (v) provide for the calculation of distributions to Unitholders of Distributable Cash; (vi) attend to all administrative and other matters arising in connection with any redemptions of Units; and (vii) ensure compliance with the Fund’s limitations on non-resident ownership. The Agreement may be terminated by either party in the event of the insolvency or receivership of the other party or in the case of default by the other party in a material obligation under the Administration Agreement, which is not remedied within 60 days after notice thereof has been delivered to such other party. Maclaren does not receive any fee for the provision of the services.

The following individuals are the senior officers of the Administrator:

Name	Municipality of residence	Position
Harry A. Goldgut	Thornhill, Ontario	Chairman of the Board of directors
Richard Legault	Gatineau, Québec	President, Chief Executive Officer and Director
Edward C. Kress	Toronto, Ontario	Director
Donald Tremblay	Gatineau, Québec	Vice-President and Chief Financial Officer
Laurent Cusson	Gatineau, Québec	Vice-President, Operations and Development

POWER GENERATION OUTLOOK

Industry Overview

In Canada over 80% of the electricity generated is provided by large provincially owned corporations, such as Hydro-Québec and Ontario Power Generation Inc., with the remainder being produced by smaller investor-controlled corporations or by industrial companies. In the late 1970’s and 1980’s, provincial governments, which have legislative authority over the supply of power and utilities, responded to consumer demands for competitive electricity tariffs by initiating programs and policies aimed at permitting the purchase of electricity from independent power producers. In the 1990’s, ongoing customer demand for lower prices and the desire to improve global competitiveness in the United States, Canada and worldwide led to many initiatives to restructure the electricity industry from a highly regulated industry

controlled by large vertically integrated Crown-owned utilities to one which should eventually favour increased competition and promotes opportunities for new market participants. Deregulation of the electricity industry is now under way or being studied in most provinces, and a number of jurisdictions in the United States.

Québec

In Québec, the National Assembly assented to Bill 50, an *Act Respecting the Régie de l'énergie* (the "**Act**"), on December 23, 1996. The Act outlines the roles of the various forms of energy in Québec's development and the means that will be used to meet the energy needs of Québec consumers.

According to the Act, Hydro-Québec possesses exclusive electric power distribution rights throughout Québec, excluding those areas that, on May 13, 1997, were served by a distributor operating a municipal or private electric distribution system.

On May 13, 1997, the Maclaren Energy System was operated by Nexfor as a private electric distribution system. Hydro-Québec therefore does not have exclusive distribution rights within the area served by the Maclaren Energy System.

In May 1997, Hydro-Québec officially opened its system to wholesale "wheeling" as a prerequisite for the granting by the Federal Energy Regulatory Commission of the United States to Hydro-Québec of a power marketer's license, which it received on November 12, 1997, to compete in the northeast United States electricity markets. As a result of this action, electricity producers in Québec now have the option to sell electricity outside Québec and to "wheel" it through Hydro-Québec's transmission lines at specified rates.

Ontario

In 1995, the Ontario Government established the MacDonald Committee on Competition in Ontario's Electricity Industry to review the existing regulatory regime and the role of the public and private sectors. In November 1997, the Ontario Government released its White Paper entitled "Direction for Change – Chartering a Course for Competitive Electricity and Jobs in Ontario". This document embodied the Ontario Government's restructuring plan to create competitive wholesale and retail markets for electricity in the year 2000.

The Energy Competition Act, 1998 received Royal Assent in 1998 to, among other things: (i) end Ontario Hydro's monopoly in electricity supply and introduce a competitive market; (ii) broaden the mandate of the Ontario Energy Board to include regulation of the electricity sector and improve gas sector regulation; and (iii) reorganize Ontario Hydro into its successor commercial corporations.

The process of restructuring Ontario's electricity industry continued on a number of fronts during 1999. On April 1, 1999, a significant milestone was reached when Ontario Hydro's five successor companies were established as follows: Ontario Hydro Services Company Inc. now known as Hydro One Inc. ("HOI"); Ontario Power Generation Inc. ("OPGI"), Ontario Electricity Financial Corporation ("OEFC"); Independent Electricity Market Operator, and Electrical Safety Authority.

In this corporate restructuring, HOI received the transmission, distribution and retail assets and OPGI received the electricity generating assets. Both companies were established with commercial capital structures. OEFC is responsible for the servicing and retiring of the former Ontario Hydro's provincially guaranteed debt and certain other legacy liabilities. OEFC is also responsible for the contracts with independent power producers.

The Ontario Government has recently announced the market opening for May 2002.

British Columbia

The two major electric utilities in British Columbia are B.C. Hydro & Power Authority (“BC Hydro”) and West Kootenay Power and Light Ltd. (“WKP”). BC Hydro, a crown corporation, is the major generator of power in British Columbia, owns most of the transmission lines and supplies directly or indirectly approximately 90% of the total electricity consumed in the province. The remaining load in British Columbia is served by WKP which generates, transmits and distributes power in the southeast portion of the province.

Open access to the transmission system of BC Hydro has been available in British Columbia since January 1, 1996 and the WKP system since March 20, 1998. The terms and conditions of access are, in all material respects, identical to the pro forma tariff established by FERC Order 888. Although there have been various regulatory proceedings in which further restructuring of the electric industry in B.C. has been contemplated, no other significant structural steps have been taken to encourage competition in the province. Thus, the bulk of retail load is served by either B.C. Hydro or WKP with the main exception being load served by eight municipal distribution utilities within the WKP service area and by the City of New Westminster within the BC Hydro service area. Independent power producers located in British Columbia may sell to BC Hydro or WKP or employ access to either transmission system to sell their generation outside the province. A person removing power from British Columbia must first obtain an energy removal certificate from the Minister of Employment and Investment.

The tolls and tariffs of BC Hydro and WKP are regulated by the BC Utilities Commission pursuant to the *Utilities Commission Act*, RSBC 1996, ch. 473, as is access to their respective transmission systems under their wholesale transmission tariffs.

Advantages of Hydroelectric Generation

The unique nature of hydroelectric generation provides many advantages over other forms of electricity generation. The advantages of hydroelectric power can be attributed to its high level of reliability, low operating costs, operational flexibility to meet ongoing base load electricity needs and peak demands, minimal environmental impacts, and its reliance on water, a renewable resource.

Reliability

The equipment involved in producing hydroelectric power has relatively few moving parts and since the process does not include combusting fossil fuels at high temperatures or creating steam, there is minimal wear and tear on the machinery, which contributes to long life and low maintenance requirements. Unplanned outage rates for hydroelectric units are among the lowest in the electricity industry.

Low Operating Costs

Other than water royalties paid to governmental authorities, hydroelectric facilities do not have any fuel costs, which can be significant and highly volatile for fossil-fuelled plants. As well, most hydroelectric plants can be operated remotely by a single person from a centralized control centre. Combined with the low maintenance and outstanding reliability of equipment, operating expenses are comparatively low.

High Operational Flexibility

Hydroelectric plants can adjust quickly to changes in demand and, depending on the flow of the river and the storage capacity of the reservoirs, hydroelectric plants can service both the base power requirements of its customers as well as their peak power requirements.

Low Environmental Impact

Hydroelectric generation produces virtually no greenhouse gas emissions or any acid rain, which have major impacts on the environment. Hydroelectric generation minimizes thermal, chemical, radioactive, water and air pollution as compared to fossil-fuelled and nuclear generated power. Instead of producing substantial amounts of residual wastes during the power generation process, hydroelectric generation simply returns the water to the river.

Operating Risk

The revenue generated by the Power Systems is proportional to the amount of electricity generated, which in turn is dependent upon available water flow. Accordingly, Revenue and distributable cash might be significantly affected by low or high water flows. However, the hydrology reserve facility, watershed diversification and hydrology insurance will partially mitigate the impact of low water flow on distribution to unitholders. Although actual electricity generation will vary from year to year due to water flow, the Fund believes that, based on the long term hydrology of the Power Systems, it will be able to maintain its cash distribution to its unitholders.

The stability of the Fund's cash distribution is enhanced by Great Lakes which provides price and contract guarantees which remove the effects of market price volatility for electricity produced by the Fund.

The power systems are subject to equipment failure which could affect revenues and distributable cash. However, this risk is substantially mitigated by the proven nature of hydroelectric technology, adherence to prudent maintenance programs, comprehensive insurance and significant operational flexibility since only 70% of their installed capacity is required to produce their annual average generation.

THE TRUST AGREEMENT OF THE FUND

General

The Fund is created pursuant to the Trust Agreement, which provides that subject to the specific limitations contained in the Trust Agreement, the Trustee shall have full, absolute and exclusive power, control and authority over the property of the Fund and over the affairs of the Fund to the same extent as if the Trustee were the sole owner of such property in its own right and may do all such acts and things as it, in its sole judgment and discretion, deems necessary or incidental to, or desirable for, the carrying out of the duties of the Fund as established pursuant to the Trust Agreement.

The Trustee has delegated under the terms of the Administration Agreement the execution of many of its powers to Maclaren, and may delegate such other powers to such other persons as the Trustee may deem necessary or desirable.

Trust Units

The ownership interests in the Fund constitute a single class of Units. Units represent a Unitholder's proportionate undivided ownership interest in the Fund. The aggregate number of Units which the Fund may issue is unlimited. As of December 31, 2000, there was 22,290,476 Units outstanding. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of the Fund. Each Unit confers the right to one vote at any meeting of Unitholders and to participate equally and ratably in any distributions by the Fund and, in the event of any required distribution of all of the property of the Fund, in the net assets of the Fund remaining after satisfaction of all liabilities. Units are redeemable at any time on demand by the holders thereof upon delivery to the Fund of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustee together with any certificates representing Units to be redeemed and written instructions as to the number of Units to be redeemed.

Subject to the approval of the GLPT Trustees and solely for the purposes established for the Fund, the Trustee may issue Units at such times and in such manner, and for such consideration and to such persons as the Trustee in its sole discretion shall determine. The Trustee shall use commercially reasonable efforts to issue Units to such persons as GLPT Trustees may determine for the purpose of facilitating any acquisition by, or other transaction of, GLPT. Any funds received by the Fund pursuant to such issuance of Units shall be promptly invested in GLPT Units, GLPT Notes, or a combination thereof, or in such other manner as GLPT Trustees shall direct.

The Trustee may also issue Units pursuant to a purchase or option plan approved by the Trustee upon the recommendation of the GLPT Trustees and in compliance with applicable securities laws and stock exchange rules, to the GLPT Trustees or the employees of GLPT, the agent under the Guarantee Agreement or the contractor under the O&M Agreement.

Meetings of Unitholders

The Trust Agreement provides that there shall be an annual meeting of the Unitholders immediately prior to, and at the same place as, each annual meeting of holders of GLPT Units for the purpose of: (i) directing and instructing the Trustee as to the manner in which the Trustee shall vote the GLPT Units in respect of (a) the election of GLPT Trustees at the corresponding annual meeting of GLPT Unitholders; (b) the appointment of the auditors of GLPT for the ensuing year; and (c) generally, any other matter which requires a resolution of GLPT Unitholders; (ii) appointing the auditors of the Fund for the ensuing year; and (iii) transacting such other business as the Trustee may determine or as may be properly brought before the meeting.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustee and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 15% of the Units then outstanding by a written requisition.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy need not be a Unitholder.

Term of the Fund

The Fund has been established for a term to continue until no property of the Fund is held by the Trustee. The termination, liquidation or winding-up of the Fund may be required by Special Resolution.

GREAT LAKES POWER TRUST AGREEMENT

General

GLPT is an unincorporated open-ended trust created pursuant to a Trust Agreement. It is a limited purpose trust and is restricted essentially to the ownership, operation and lease of assets and property in connection with the generation, accumulation, transmission, distribution, purchase and sale of electricity, as well as having investments and other direct or indirect rights in, and the conduct of the business of, the generation, accumulation, transmission, distribution, purchase and sale of electricity, and other ancillary matters.

Trustees/Corporate Governance

There are seven trustees of the GLPT. The term of office of each of the trustees, expire at each annual meeting, unless a trustee otherwise resigns, is removed or disqualified pursuant to the terms of the GLPT Indenture.

The GLPT Indenture provides that the trustees of GLPT must act honestly and in good faith with a view to the best interests of GLPT and, in connection therewith, exercise the degree of care, diligence and skill

that a reasonably prudent person would exercise in comparable circumstances.

Distributions

Distributions by GLPT are made on a quarterly basis to holders of record of GLPT Units on the last day of each calendar quarter. Such distributions are paid no later than the 25th day of the month following the record date and are designed to be received by the Fund prior to its related distributions to Unitholders. Distributable cash of GLPT in respect of a period generally consist of earnings of GLPT before income taxes, depreciation and amortization, as estimated by the trustees, less redemption prices paid in respect of such period, capital expenditure reserves in respect of such period, principal repayments of indebtedness during such period, the payment of any other costs of GLPT during such period provided for by the trustees, payments of income tax liability in respect of such period and amounts set aside to repay principal amounts on the GLPT Series 1 Notes in respect of such period in their discretion. If the trustees determine that GLPT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional GLPT Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the trustees to be available for the payment of such distribution. The value of each GLPT Unit so issued will be the redemption price thereof.

Meetings of Unitholders

An annual meeting of GLPT Unitholders shall be held at such time and place as the trustees of GLPT shall prescribe for the purpose of electing the trustees of GLPT, appointing the auditors of GLPT and transacting such other business as the trustees of GLPT may determine or as may properly be brought before the meeting.

OFFICERS OF THE FUND

The Fund has three officers which are appointed by the board of Trustees at the annual meeting of the Unitholders. The following table indicates the name and municipalities of residence of the officers of the Fund, the offices currently held by them, the date appointed thereto and their respective occupations:

Name and Municipality of Residence	Office Held	Date Appointed	Principal Occupation
Richard Legault Gatineau, Québec	President and Chief Executive Officer	May 2, 2001	Executive Vice-President of Great Lakes Power Inc.
Donald Tremblay Gatineau, Québec	Vice-President and Chief Financial Officer	May 2, 2001	Vice-President and Chief Financial Officer of Maclaren
Ginette Berthel Ottawa, Ontario	Secretary	May 2, 2001	Secretary of Maclaren

The officers of the Fund were initially appointed on June 12, 2000. From 1996 to 1999, Richard Legault was Vice-President of James Maclaren Industries Inc.; Donald Tremblay was Director of Finance and Administration, Energy Division of James Maclaren Industries Inc.; and Ginette Berthel was Secretary of James Maclaren Industries Inc. from 1995 to 1999.

None of the officers of the Fund individually or as a group beneficially own, directly or indirectly, or exercise control or direction over Units carrying more than 10% of the votes attached to all the Units.

FINANCING ACTIVITIES

On November 18, 1999, GLPT entered into an agreement with Nexfor pursuant to which Nexfor made available a \$100 million secured loan bearing 7.5% interest payable quarterly ("Bridge Loan") to GLPT to be used to satisfy a portion of the purchase price payable to Nexfor for the acquisition of the Maclaren

Energy system. On April 25, 2000, GLPT repaid the secured loan from Nexfor with the proceeds of a private placement debt offering. The offering consisted of:

- (1) \$50,000 series 1 first mortgage bonds, bearing an annual interest rate of 7.33% payable quarterly, maturing on April 24, 2005.
- (2) \$25,000 series 2 first mortgage bonds, bearing an annual interest rate of 7.55% payable quarterly, maturing on April 24, 2010.
- (3) \$25,000 series 3 first mortgage bonds, bearing an annual interest rate of 7.78% payable quarterly, maturing on April 24, 2015.

GLPT has available a \$25 million line of credit and a \$25 million term loan ("credit facility") for general corporate purposes, which can be drawn upon in Canadian dollars or American dollars and is bearing interest based on a Canadian prime rate, US base rate of LIBOR plus a margin. Standby fees of 20 basis points are charged on the undrawn credit facility.

If not renewed, the credit facility will be due on the earlier of (1) the date on which issued series 1 first mortgage bonds are due or redeemed, and (2) November 18, 2004. These credit facilities were not drawn against as at December 31, 2000 (1999 - \$nil).

SELECTED FINANCIAL INFORMATION

The selected financial information provided herein is derived from the audited consolidated financial statements of the Fund.

The following table provides selected financial information for the 43 day period of operation ended December 31, 1999 and for the twelve month period ended December 31, 2000.

Consolidated Balance Sheet as at December 31

<i>Thousands</i>	2000	1999
Assets		
Current	\$ 19,247	\$ 15,339
Capital Assets	313,215	315,846
Other	974	-
	\$ 333,436	\$ 331,185
Liabilities and unitholders' equity		
Current	\$ 12,569	\$ 108,110
First Mortgage Bonds	100,000	-
Unitholders' equity	220,867	223,075
	\$ 333,436	\$ 331,185

Consolidated Statement of Income

<i>Thousands, except per trust unit amount</i>	Year ended	
	December 31, 2000	December 31, 1999 ⁽¹⁾
Revenues	\$ 54,096	\$ 6,647
Expenses		
Operation and maintenance	13,137	1,441
Administration and selling expenses	3,911	307
Interest on secured loan and first mortgage bonds	7,519	884

Interest on credit facility	112	-
Depreciation and amortization	8,220	947
	32,899	3,579
Net income	\$ 21,197	\$ 3,068
Net income per trust unit	\$ 0.951	\$ 0.138

(1) For the 43 day period as the Fund commenced operation on November 18, 1999.

QUARTERLY OPERATING RESULTS

	Dec. 31	Sept. 30	June 30	March 31	1999 Dec. 31 ⁽¹⁾
Power generated (Gigawatt hours)	325	359	421	449	192
Revenues	11,455	12,835	14,479	15,327	6,647
Net income (millions)	\$ 2.6	\$ 4.7	\$ 6.4	\$ 7.4	\$ 3.1
Net income per trust unit	\$ 0.12	\$ 0.21	\$ 0.29	\$ 0.33	\$ 0.14
Distributable cash (millions)	\$ 4.8	\$ 6.3	\$ 7.7	\$ 8.5	\$ 3.5
Distributable cash per trust unit	\$ 0.21	\$ 0.28	\$ 0.35	\$ 0.38	\$ 0.16

(1) For the 43-day period as the Fund commenced operation on November 18, 1999.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the "Management's Discussion and Analysis" in the Fund's 2000 Annual Report to Unitholders on pages 16 to 17, which is incorporated herein by reference.

DISTRIBUTION POLICY

The Fund intends to make quarterly cash distributions of Distributable Cash to the Unitholders of record on the last day of each calendar quarter. Such quarterly distributions will be paid no later than the 30th day of the month following each record date. The following table indicates the distributions paid to Unitholders since its inception.

Last date of Calendar Quarter	Amount paid per Unit	Payment Date	Total Amount paid
December 31, 1999	\$0.13	January 31, 2000	\$2,897,762
March 31, 2000	\$0.2625	April 28, 2000	\$5,851,250
June 30, 2000	\$0.2625	July 28, 2000	\$5,851,250
September 30, 2000	\$0.2625	October 25, 2000	\$5,851,250
December 31, 2000	\$0.2625	January 26, 2001	\$5,851,250
March 31, 2001	\$0.275	April 30, 2001	\$6,129,881

If the Trustee determines that the Fund does not have sufficient cash to fully pay any distributions, the distribution may include the issuance of freely tradeable Units at a price per Unit based upon a weighted average price per Unit at which the Units have traded during the period of the last 10 days during which Units have traded prior to the record date.

CONFLICT OF INTEREST

The Fund is not aware of any existing or potential material conflicts of interest between the Fund and its, direct and indirect, subsidiary or an officer or director of Maclaren or GLPT.

Other than as disclosed in this Annual Information Form the Fund is not aware of any conflict of interest of any GLPT Trustees or officer of Maclaren, in any transaction since the creation of the Fund, or in any proposed transaction that has materially affected or will materially affect the Fund.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Ernst &Young, LLP, Chartered Accountants of Ottawa, Ontario, are the auditors of the Fund.

The Transfer Agent and registrar for the Fund is CIBC Mellon Trust Company in Montreal, Québec.

MARKET FOR SECURITIES

The Units of the Fund are listed for trading on The Toronto Stock Exchange under the symbol **GLH.UN**.

LEGAL PROCEEDINGS

There are no material legal proceedings involving the Fund or its wholly owned trust GLPT.

TRUSTEES OF THE FUND AND OF GREAT LAKES POWER TRUST

CIBC Mellon Trust Company is the sole trustee of the Fund.

GLPT has seven trustees, a majority of whom are "unrelated" to Great Lakes (as such term is defined in The Toronto Stock Exchange Guidelines on Corporate Governance).

The trustees will hold their office until the next annual meeting of the GLPT Unitholders or until his or her successor is duly elected or appointed in accordance with the GLPT Indenture. None of the Trustees individually or as a group beneficially own, directly or indirectly, or exercise control or direction over Units carrying more than 10% of the votes attached to all the Units.

The following table indicates the name and municipalities of residence of the GLPT Trustees, the date since which they act as such and their respective occupations:

NAME AND MUNICIPALITY OF RESIDENCE	PRINCIPAL OCCUPATION	TRUSTEE SINCE
André Bureau, O.C. Montreal, Quebec	Chairman of the Board. President and Chief Executive Officer of Astral Media Inc. (Communications)	November 18, 1999
Dian Cohen, C.M. Hatley, Quebec	President of DC Productions Limited (Economic consultants)	November 18, 1999
Pierre Dupuis ⁽¹⁾ Westmount, Quebec	Chief Operating Officer of Dorel Industries Inc. (Manufacturer and distributor of furniture)	November 18, 1999
Harry A. Goldgut Thornhill, Ontario	President and Chief Operating Officer of Great Lakes Power Inc. (Producer and distributor of electricity)	November 18, 1999
Kenneth W. Harrigan, O.C. ⁽¹⁾ Oakville, Ontario	Corporate Director	November 18, 1999
Edward C. Kress ⁽¹⁾ Toronto, Ontario	Chairman and Chief Executive Officer of Great Lakes Power Inc. (Producer and distributor of electricity)	November 18, 1999
Richard Legault	Executive Vice-President of Great Lakes Power Inc. (producer and distributor of electricity)	May 2, 2001

Each of the GLPT trustees have occupied over the past five years the principal occupation indicated above for the past five years except for (i) Pierre Dupuis who, before 1999, was President and Chief Operating Officer of GTC Transcontinental Group Ltd. and, before 1996, was President and Chief Executive Officer of Sico Inc.; (ii) Harry A. Goldgut who, before 1997, was Senior Vice President of Jay-M Holdings Limited; and (iii) Richard Legault, who before 1999, was Vice-President of James Maclaren Industries Inc.

Pursuant to the O&M Agreement, a number of material actions may not be taken by Maclaren without first obtaining the written approval of the GLPT trustees, including adopting, amending or deviating from the Annual Operating Plan or the Capital Program; disposing of any assets or equipment which are used in operating or maintaining the Maclaren Energy System, other than as provided for in the Annual Operating Plan or Capital Program; and undertaking a material expenditure outside Maclaren's scope of responsibilities which is not in accordance with the Annual Operating Plan or the Capital Program or which would result in a variance to the Annual Operating Plan during a Contract Year.

Pursuant to the Guarantee Agreement, certain material actions may not be taken by Great Lakes without first obtaining the written approval of a majority of the trustees, including entering into, amending or terminating certain material contracts; entering into, terminating or amending any sale and supply agreement or commitment to supply electricity in excess of the Firm Generation or to deliver electricity to a

¹ Member of the Audit Committee of GLPT.

person outside the Transmission System; or borrow money or grant security on assets forming part of the Maclaren Energy System.

Pursuant to the GLPT Indenture, a material change to the O&M Agreement or the Guarantee Agreement, any increase in fees or other amounts payable by GLPT under such agreements, and any agreement to be entered into with, inter alia, Maclaren, Great Lakes or any affiliate thereof, must be approved by a majority of the GLPT trustees who are "unrelated" to Great Lakes.

ADDITIONAL INFORMATION

Additional information is contained in the Fund's Management Information Circular dated March 27, 2001, for the annual meeting of Unitholders held on May 2nd, 2001.

Additional information, including remuneration of the sole trustee of the Fund and of the trustees of GLPT, principal holders of the Fund's securities and interest of insiders in material transactions, is contained in the Fund's information circular for its most recent annual meeting of Unitholders and additional financial information is provided in the Fund's comparative financial statements for its most recently completed financial year.

The Fund shall provide any person or company, upon request: when the securities of the Fund are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus, one copy of the Fund's latest annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference; one copy of the comparative financial statements of the Fund for its most recently completed financial year together with the accompanying auditors' report thereon and one copy of any interim financial statements of the Fund subsequent to the annual audited financial statements; one copy of the information circular of the Fund in respect of its most recent annual meeting of Unitholders; and one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus, provided that the Fund may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Fund.

GLOSSARY

The Fund:

Great Lakes Hydro Income Fund

Gigawatt or GW:

Means one million kilowatts of electrical capacity.

Gigawatt hour or GWh:

Means one hour during which one million kilowatts of electrical energy has been continuously produced.

Installed capacity:

Means the capacity measured at the output terminals of a hydroelectric station calculated on the basis of the anticipated maximum load or simultaneous maximum demand that the generating system is expected to meet.

Megawatt or MW:

Means 1,000 kilowatts of electrical capacity.

Megawatt hour or MWh:

Means one hour during which 1,000 kilowatts of electrical energy has been continuously produced.

CMS:

Means the number of cubic meters per second.

CMS days:

Means the volume corresponding to the number of cubic meters per second during a day.