

**GREAT LAKES HYDRO INCOME FUND**  
**(the "Fund")**  
**PROXY**  
**SOLICITED BY THE ADMINISTRATOR OF THE FUND**  
**FOR THE APRIL 28, 2003 MEETING OF UNITHOLDERS**

PLEASE DATE AND SIGN THIS FORM OF PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE ADDRESSED TO GREAT LAKES HYDRO INCOME FUND, c/o CIBC MELLON TRUST COMPANY, 2001 UNIVERSITY STREET, 16TH FLOOR, MONTRÉAL, QUÉBEC, H3A 2A6, SO THAT IT IS RECEIVED BEFORE 4:00 P.M. (MONTRÉAL TIME) ON APRIL 23, 2003. IN THE ALTERNATIVE, YOU MAY DELIVER IT TO THE CHAIRMAN OF THE MEETING BEFORE THE MEETING COMMENCES. IF YOU ARE PLANNING TO ATTEND THE MEETING TO VOTE IN PERSON, PLEASE BRING THIS PROXY AS IT WILL ASSIST IN YOUR REGISTRATION.

The undersigned Unitholder of the Fund hereby appoints EDWARD C. KRESS or, failing him, HARRY A. GOLDGUT or instead of either of them, \_\_\_\_\_, as proxy of the undersigned to attend and vote at the annual meeting of Unitholders of the Fund to be held on Monday, April 28, 2003 and at any adjournment thereof, upon the following matters:

- (1) VOTE  or WITHHOLD VOTE  or, if no specification is made, VOTE for the appointment of Ernst & Young LLP, Chartered Accountants, as auditors of the Fund and authorize the GLPT Trustees to fix their remuneration;
- (2) VOTE  or WITHHOLD VOTE  or, if no specification is made, VOTE to direct the Sole Trustee to vote for the election of the GLPT Trustees as set out in the accompanying Management Information Circular dated March 14, 2003;
- (3) VOTE  or WITHHOLD VOTE  or, if no specification is made, VOTE to direct the Sole Trustee to vote for the appointment of Ernst & Young LLP, Chartered Accountants, as auditors of GLPT and authorize the GLPT Trustees to fix their remuneration;
- (4) VOTE FOR  or VOTE AGAINST  or, if no specification is made, VOTE FOR the special resolution, as described in the accompanying Management Information Circular, amending the Amended and Restated Trust Agreement of the Fund dated October 27, 1999 in order to permit the Fund to make monthly, rather than quarterly, distributions of distributable cash flow to Unitholders; and
- (5) At the discretion of the proxyholder, on amendments or variations to the matters identified in the accompanying Notice of Meeting and such other business as may properly come before the meeting or any adjournment thereof.

This instrument supersedes and revokes any prior appointment of proxy made by the undersigned with respect to the voting of the Units below at the meeting.

Dated: \_\_\_\_\_, 2003.

Number of Units: \_\_\_\_\_

Signature of Unitholder : \_\_\_\_\_

Name of Unitholder (please print clearly) : \_\_\_\_\_

NOTES:

- (1) If this proxy is completed and submitted in favour of the persons designated in the printed portion above, the proxyholder will vote in favour of the resolutions described in items 1, 2, 3, 4 and 5 on any ballot that may be called in respect of the same unless the proxy otherwise specifies, in which case, the specified instructions will be followed.
- (2) This proxy, which is solicited by or on behalf of Brascan Energy Marketing Inc., the Administrator of the Fund, should be completed, signed and dated by the Unitholder. If this proxy is not dated in the space provided, it will be deemed to bear the date on which it was mailed to you by the Fund.
- (3) If you wish to appoint some other person (who need not be a Unitholder) to represent you at the meeting, you may do so either by inserting the person's name in the blank space provided above when completing this proxy and striking out the names of the persons designated in this proxy or by completing another form of proxy.
- (4) If the Unitholder appointing a proxy is a corporation, this proxy must be signed under its corporate seal or by the signatures of properly authorized officers or attorneys.
- (5) See the Management Information Circular which accompanies this proxy and the Notice of Meeting for a full explanation of the rights of Unitholders regarding completion and use of this proxy and other information pertaining to the meeting.

## GREAT LAKES HYDRO INCOME FUND

(an unincorporated open-ended trust created under the laws of the Province of Québec)

### NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the Unitholders of Great Lakes Hydro Income Fund (the "**Fund**") will be held on Monday, April 28, 2003 at 2:00 p.m. at the Hockey Hall of Fame, BCE Place, 30 Yonge Street, Toronto (Ontario), for the following purposes:

1. To receive the annual report to Unitholders, including the consolidated financial statements of the Fund for the fiscal year ended December 31, 2002, together with the report of the auditors thereon;
2. To appoint auditors of the Fund for the ensuing year and authorize Great Lakes Power Trust ("**GLPT**") trustees to fix the auditors' remuneration;
3. To direct and instruct CIBC Mellon Trust Company, the sole trustee of the Fund (the "**Sole Trustee**") as to the manner in which the Sole Trustee shall vote the GLPT units to elect the GLPT trustees, appoint auditors of GLPT for the ensuing year and authorize the GLPT trustees to fix the auditors' remuneration;
4. To consider, and if deemed appropriate, adopt a special resolution, substantially in the form set forth in the accompanying Management Information Circular, authorizing certain amendments to the Amended and Restated Trust Agreement of the Fund dated October 27, 1999 in order to permit the Fund to make monthly, rather than quarterly, distributions of distributable cash flow to Unitholders; and
5. To transact such other business that may properly come before the Meeting or any adjournment thereof.

The Sole Trustee has fixed March 29, 2003 as the record date for determining those Unitholders entitled to receive notice and vote at the Meeting. The Management Information Circular accompanying this Notice provides additional information relating to the matters to be dealt with at the Meeting and is incorporated into and forms part of this Notice.

If you are unable to attend the Meeting in person or if you wish to vote in advance of the Meeting, you are invited to vote by signing and returning the enclosed form of proxy to the Fund, c/o CIBC Mellon Trust Company, in the envelope provided for that purpose, or deliver it by hand to the Fund, c/o CIBC Mellon Trust Company, 2001 University Street, 16<sup>th</sup> floor, Montréal (Québec), H3A 2A6. In order to be effective, proxies must be received not later than 4:00 p.m. (Montréal Time) on Wednesday, April 23, 2003, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the day of any adjournment thereof. Proxies may also be delivered to the Chairman of the Meeting before the commencement of the Meeting or any adjournment thereof.

Masson-Angers, Québec  
March 14, 2003

**By order of the Board of Directors of  
Brascan Energy Marketing Inc.,  
on behalf of the Sole Trustee**



Harry A. Goldgut  
Chairman



## MANAGEMENT INFORMATION CIRCULAR

### PART I – VOTING INFORMATION

#### **Solicitation of Proxies**

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the administrator of Great Lakes Hydro Income Fund (the “**Fund**”) for use at the annual meeting (the “**Meeting**”) of unitholders (the “**Unitholders**”) of the Fund referred to in the accompanying Notice of Meeting (the “**Notice**”) to be held at the time and place and for the purpose set forth in the Notice. The solicitation will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone by regular employees or members of the management of Brascan Energy Marketing Inc. (the “**Administrator**”) or by CIBC Mellon Trust Company (the “**Sole Trustee**”), the sole trustee of the Fund, at a nominal cost. The costs of solicitation will be borne by the Fund.

The information contained in this Circular is given as at March 14, 2003, unless otherwise indicated.

#### **Appointment of Proxies**

**The persons named in the enclosed form of proxy are trustees of Great Lakes Power Trust (“GLPT”). Each Unitholder has the right to appoint a person other than any person named in the enclosed form of proxy, who need not be a Unitholder, to represent such Unitholder at the Meeting. This right may be exercised by inserting the name of the person to be appointed by the Unitholder in the space provided in the form of proxy and striking out the names of the persons designated in the form of proxy or by completing another proper form of proxy.**

To be effective, proxies must be deposited with the Fund, c/o CIBC Mellon Trust Company, 2001 University Street, 16<sup>th</sup> floor, Montréal (Québec), H3A 2A6, so as to arrive not later than 4:00 p.m. (Montréal Time) on April 23, 2003 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned meeting. Proxies may also be delivered to the chairman of the Meeting before the commencement of the Meeting or any adjournment thereof.

#### **Revocation of Proxies**

**A Unitholder who has given a proxy may revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so by an instrument in writing, including another proxy, duly executed by the Unitholder or by his or her attorney duly authorized in writing, deposited with the Fund as provided above. A Unitholder may also revoke a proxy in any other manner permitted by law, but prior to the exercise of such proxy in respect of any particular matter.**

#### **Voting of Units – General Provisions**

On any ballot that may be called for, the persons designated in the enclosed form of proxy will vote for or withhold from voting the units of the Fund (the “**Units**”) in respect of which they are appointed by proxy in accordance with instructions of the Unitholder indicated on the proxy. **In the absence of instructions with respect to a particular resolution, the Units will be voted in favour of the resolution as indicated under the appropriate heading in this Circular.**

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and other matters which may properly come before the Meeting. At the date of this Circular, the Sole Trustee and the Administrator are not aware of amendments, variations or

other matters to come before the Meeting, except those which are indicated in the Notice.

**Voting by Non-Registered Unitholders**

The only registered Unitholder is CDS & Co. which acts as a clearing agent for intermediaries (each an “**Intermediary**”) such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans. In accordance with the requirements of National Instrument 54-101, the Fund has distributed the Notice, this Circular, the form of proxy and the Fund’s annual report (which includes management’s discussion and analysis and the consolidated financial statements for the year ended December 31, 2002) (collectively, the “**Meeting Materials**”) to CDS & Co. and the Intermediaries for onward distribution to non-registered Unitholders (“**Non-Registered Unitholders**”).

Intermediaries are required to forward the Meeting Materials to Non-Registered Unitholders unless a Non-Registered Unitholders has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Unitholders. Generally, Non-Registered Unitholders who have not waived the right to receive Meeting Materials will be given either:

- (i) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Units beneficially owned by the Non-Registered Unitholders but which is otherwise not completed. This form of proxy needs not be signed by the Non-Registered Unitholders. In this case, the Non-Registered Unitholders who wish to submit a proxy should otherwise properly complete the form of proxy and deliver it to the Fund or its transfer agent as set out in the Notice; or
- (ii) a voting instruction form which must be completed and signed by the Non-Registered Unitholders in accordance with the directions on the voting instruction form and returned to the Intermediary or its service company. In some cases, the completion of the voting form by telephone, the internet or facsimile is permitted.

The purpose of these procedures is to permit Non-Registered Unitholders to direct the voting of the Units that they beneficially own. Should a Non-Registered Unitholder who receives either a form of proxy or a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Unitholder), the Non-Registered Unitholder should strike out the names of the persons designated in the form of proxy and insert the Non-Registered Unitholder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions on the form.

In either case, Non-Registered Unitholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

**Outstanding Units**

As of March 14, 2003, 48,276,476 Units were outstanding, each carrying the right to one vote per Unit. All Unitholders of record at the close of business on March 29, 2003, the record date established for the Notice, will be entitled to vote at the Meeting, or any adjournment thereof, either in person or by proxy.

**Principal Unitholders**

To the best knowledge of the Sole Trustee and of the officers of the Administrator, only the following person beneficially owns, directly or indirectly, or exercises control or direction over Units carrying more than 10% of the votes attached to all Units:

Unitholder	Approximate Number of Units Beneficially Owned or over which Control of Direction is Exercised	Approximate % of Outstanding Units

Great Lakes Power Inc.	24,138,338	50.01%
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## PART II – BUSINESS OF THE MEETING

### I - Annual Financial Statements

The annual financial statements of the Fund for the fiscal year ended December 31, 2002 are included in the 2002 annual report of the Fund, which is being mailed to Unitholders with this Circular. The annual report will be placed before the Unitholders at the Meeting.

### II - Appointment of Auditors of the Fund

The persons named in the enclosed form of proxy intend to vote in favour of the resolution appointing Ernst & Young LLP, Chartered Accountants, as auditors of the Fund to hold office until the next annual meeting of Unitholders or until their successors are appointed, and authorizing the GLPT trustees (the “**GLPT Trustees**”) to fix the remuneration of the auditors, unless the Unitholder who has given the proxy has directed that the Units represented thereby be withheld from voting in respect of the appointment of auditors. Ernst & Young LLP have been acting as auditors of the Fund since its inception.

### III - Directions and Instructions to the Sole Trustee as to the Manner in which the Sole Trustee Shall Vote the GLPT Units to Elect the GLPT Trustees, Appoint Auditors of GLPT and Authorize the GLPT Trustees to fix the Remuneration of the Auditors of GLPT

The Fund is the sole unitholder of GLPT. Under the Amended and Restated Trust Agreement dated October 27, 1999, (the “**Trust Agreement**”), the Fund must, by way of an ordinary resolution passed by the affirmative votes of the holders of not less than 50% plus one of the outstanding Units, direct and instruct the Sole Trustee as to the manner in which the Sole Trustee shall vote the GLPT Units to elect the GLPT Trustees, appoint auditors of GLPT and authorize the GLPT Trustees to fix the remuneration of the auditors of GLPT.

#### a) Election of the GLPT Trustees

GLPT currently has seven trustees. The persons named in the enclosed form of proxy intend to vote in favour of the election of the proposed nominees whose names are set out below as GLPT Trustees, unless the Unitholder who has given such proxy has directed that the Units represented thereby be withheld from voting on this matter. The Sole Trustee and the Administrator do not contemplate that the proposed nominees will be unable to serve as GLPT Trustees but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The seven GLPT Trustees to be elected at the GLPT annual meeting will hold office until the next annual meeting or until his or her successor is duly elected or appointed in accordance with the trust agreement of GLPT dated September 29, 1999, as amended from time to time (the “**GLPT Trust Agreement**”).

The following table sets forth certain information with respect to the seven persons proposed for nomination as GLPT Trustees, including the number of Units beneficially owned or over which control or direction was exercised as at the date of this Circular.

<b>Name and Municipality of Residence</b>	<b>Principal Occupation</b>	<b>GLPT Trustee Since:</b>	<b>Units Beneficially Owned or Over Which Control or Direction is Exercised<sup>(1)</sup></b>
André Bureau, O.C. <sup>(3)</sup> Montréal, Québec	Chairman of the Board of Astral Media Inc. (Communications)	November 18, 1999	—
Dian Cohen, C.M. <sup>(2)</sup> Hatley, Québec	President of DC Productions Limited (Economic consultants)	November 18, 1999	<b>3,000</b>
Pierre Dupuis <sup>(2)</sup> Westmount, Québec	Chief Operating Officer of Dorel Industries Inc. (Manufacturer and distributor of furniture)	November 18, 1999	<b>5,000</b>
Harry A. Goldgut Vaughan, Ontario	Co-Chairman and CEO of Great Lakes Power Inc. (Producer and distributor of electricity)	November 18, 1999	<b>25,100</b>
Kenneth W. Harrigan, O.C. <sup>(2)</sup> Oakville, Ontario	Corporate Director	November 18, 1999	—
Edward C. Kress Toronto, Ontario	Chairman of Great Lakes Power Inc. (Producer and distributor of electricity)	November 18, 1999	<b>20,000</b>
Richard Legault <sup>(3)</sup> Gatineau, Québec	President and COO of Great Lakes Power Inc.; President and CEO of Brascan Energy Marketing Inc. (Producer and distributor of electricity)	May 2 <sup>nd</sup> , 2001	<b>2,000</b>

(1) The information as to Units beneficially owned or over which control or direction is exercised, not being within the knowledge of the Fund, has been furnished by the proposed nominees.

(2) Member of the Audit Committee.

(3) Member of the Governance and Nominating Committee.

The proposed nominees have been engaged in their principal occupations for at least five years, except for Pierre Dupuis who, before 1999, was President and Chief Operating Officer of GTC Transcontinental Group Ltd. and for Richard Legault who, before 1999, was Vice-President of James Maclaren Industries Inc., a wholly-owned subsidiary of Nexfor Inc.

#### **Compensation of the Sole Trustee and the GLPT Trustees**

For the services rendered as trustee and transfer agent to the Fund during the fiscal period ended December 31, 2002, the Sole Trustee is paid a fee of \$10,000.

GLPT Trustees are entitled to receive an annual retainer of \$14,000 and an attendance fee of \$1,500 in respect of each meeting of the board of GLPT Trustees (the “**Board**”) which they attend in person or \$400 if attending by telephone. The Chairman of the Board and Chairpersons and other members of Board committees receive an annual retainer of \$2,000. Members of Board committees also receive an attendance fee of \$1,000 for each committee meeting attended in person or \$400 if attending by telephone. GLPT Trustees are also reimbursed for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. GLPT paid an amount of \$69,800 to the GLPT Trustees in compensation for their services as trustees during the fiscal year ended December 31, 2002.

**b) Appointment of auditors of GLPT**

The persons named in the enclosed form of proxy intend to vote in favour of the resolution directing and instructing the Sole Trustee as to the manner in which the Sole Trustee shall vote the GLPT Units to appoint Ernst & Young LLP, Chartered Accountants, as auditors of GLPT to hold office until the next annual meeting of unitholders of GLPT or until their successors are appointed, and authorizing the GLPT Trustees to fix the remuneration of the auditors, unless the Unitholder who has given the proxy has directed that the Units represented thereby be withheld from voting in respect of the appointment of the auditors. Ernst & Young LLP have been acting as auditors of GLPT since its inception.

The following table sets forth information on the fees billed by Ernst & Young LLP to the Fund and GLPT for the fiscal year ended December 31, 2002:

Audit Fees	\$45,000
Audit-related services	172,175
Non-audit and other fees	11,150
<b>Total:</b>	<b>\$228,325</b>

Audit-related services include services provided by Ernst & Young LLP that are directly related to its role as external auditor of the Fund and GLPT and consist principally of due diligence procedure conducted and audit of financial information in connection with a public offering.

**IV - Amendments to the Trust Agreement - Monthly Distributions**

The Fund has considered, from time to time, changing the frequency with which distributions of distributable cash flow are made to Unitholders. Such distributions are currently made on a quarterly basis in accordance with the Trust Agreement and the Fund wishes to make distributions of distributable cash flow on a monthly basis beginning in June 2003. That change, which requires certain specific amendments to the Trust Agreement, will be beneficial to Unitholders since they will receive the amount of cash representing the distributions on a more frequent basis facilitating their cash management.

At the Meeting, Unitholders will be asked to pass a special resolution approving certain amendments to the Trust Agreement to permit the Fund to make monthly distributions of distributable cash flow to Unitholders. The text of the special resolution is reproduced in **Schedule B** to this Circular.

**The persons named in the enclosed form of proxy intend to vote in favour of the special resolution to amend the Trust Agreement, unless the Unitholder who has given the proxy has directed that the Units represented thereby be voted against such resolution. In order to be effective, this resolution must be approved by Unitholders representing at least 66 2/3% of all issued and outstanding Units which are represented at the Meeting.**

**PART III – EXECUTIVE REMUNERATION**

The Fund has three officers who were appointed by the GLPT Trustees. The officers of the Fund, who are also officers of the Administrator, have not received any remuneration from the Fund during the fiscal year ended December 31, 2002 for acting in the capacity of officers of the Fund.

## **PART IV – STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the Board and its GLPT Trustees who are elected indirectly by, and are accountable to, the Unitholders and takes into account the role of the Administrator which is charged with the ongoing management of the Fund and GLPT.

The Board encourages sound corporate governance practices designed to promote the well being and ongoing development of the Fund, having always as its ultimate objective the best long-term interests of the Fund and the enhancement of value for all Unitholders. The Board also believes that sound corporate governance benefits the Fund and the communities in which it operates.

The Board is of the view that the Fund's corporate governance policies and practices, outlined below, are comprehensive and consistent with the guidelines for improved corporate governance in Canada adopted by the Toronto Stock Exchange (the "**TSX Guidelines**"). The Fund's specific disclosure relative to the TSX Guidelines is set out in **Schedule A** to this Circular.

### **Mandate of the Board**

The Board oversees, directly and through its committees, the business and affairs of the Fund and GLPT. In doing so, the Board acts at all times with a view to the best interest of the Fund and its Unitholders.

In fulfilling its mandate, the Board among other matters is responsible for overseeing the strategic planning process and reviewing, approving and monitoring the strategic plan including fundamental financial and business strategies and objectives; assessing the major risks relating to the Fund and reviewing, approving and monitoring the manner in which those risks are managed; and reviewing and monitoring the controls and procedures within the Fund to maintain its integrity including its disclosure controls and procedures and its internal controls and procedures for financial reporting.

### **Meetings**

The Board meets at least once each quarter, with additional meetings held when appropriate. In 2002, there were four regular meetings and several special meetings to review specific strategic initiatives. Meeting frequency and agenda items may change depending on the opportunities or risks faced by the Fund.

### **Size and Composition of the Board and Nomination Process**

The Board consists of seven GLPT Trustees who consider that its present size is appropriate given the nature of the business activities of GLPT and the Fund, and in accordance with the GLPT Trust Agreement. The GLPT Trustees are elected each year indirectly by the Unitholders, at the annual meeting.

The Board considers that four of the seven GLPT Trustees proposed for election, comprising a majority of the Board, are unrelated directors within the meaning of the TSX Guidelines. The proposed GLPT Trustees who are considered by the Fund to be unrelated are André Bureau, Dian Cohen, Pierre Dupuis and Kenneth W. Harrigan. The other three GLPT Trustees proposed for election, Harry A. Goldgut, Edward C. Kress and Richard Legault, are considered to be related in that they are directors or officers of the Fund's principal unitholder, Great Lakes Power Inc. ("**Great Lakes**"), and of the Administrator. GLPT

Trustees are expected to have the highest personal and professional ethics and values and be committed to advancing the best interests of the Fund and its Unitholders. The Board's Governance and Nominating Committee assesses new trustees and recommends candidates for nomination to the Board in accordance with the GLPT Trust Agreement.

### **Committees of the Board**

The Board believes that Board committees assist in its effective functioning and help ensure that the views of unrelated GLPT Trustees are effectively represented. The Board has two standing committees: the Audit Committee and the Governance and Nominating Committee. The Board has decided that all members of the Audit Committee and a majority of members of the Governance and Nominating Committee must be unrelated directors within the meaning of the TSX Guidelines. While the Board retains overall responsibility for corporate governance matters, the Audit Committee and the Governance and Nominating Committee each have specific responsibilities for certain aspects of corporate governance, as described below.

### **The Audit Committee**

The Audit Committee is responsible for monitoring the Fund's systems and procedures for financial reporting, risk management and internal controls, reviewing all public disclosure documents and monitoring the performance of the Fund's external auditors. The Audit Committee is also responsible for reviewing the Fund's quarterly and annual financial statements and MD&A prior to their approval by the Board and release to the public. The Audit Committee also meets periodically in private with the Fund's external auditors to discuss and review specific issues as appropriate. The Audit Committee met four times in 2002. As at March 14, 2003, the Audit Committee is comprised of the following three GLPT Trustees: Dian Cohen, Pierre Dupuis and Kenneth W. Harrigan, all of whom are unrelated trustees.

### **The Governance and Nominating Committee**

It is the responsibility of the Governance and Nominating Committee, in consultation with the Chairman of the Board, to periodically assess the size and composition of the Board and its committees, to review the effectiveness of the Board's operations and its relations with management, to review the Fund's statement of corporate governance practices, and to review and recommend GLPT Trustees' compensation. The Governance and Nominating Committee is also responsible for reviewing the credentials of nominees for election or appointment to the Board and for recommending candidates for Board membership.

The Governance and Nominating Committee periodically reviews the performance of the Board and its committees and the individual contribution of Trustees. Individual members of the Board are also invited to raise questions and make suggestions regarding these matters for consideration by the Chairperson of the Governance and Nominating Committee and by the Chairman of the Board.

The Governance and Nominating Committee is comprised of three GLPT Trustees, a majority of whom shall be unrelated trustees. André Bureau, who is the Chairman of the Board and an unrelated trustee, is currently the only member of this committee. Two additional members will be nominated by the Board to fill the vacancies.

### **Management of the Fund**

Brascan Energy Marketing Inc. (previously known as Maclaren Energy Inc.), the Administrator, provides all management functions of the Fund pursuant to the Administration Agreement (as defined below) and of GLPT pursuant to the Maintenance Operation and Management Agreement dated September 30, 1999 (the "**MOMA**"). The Administrator is a wholly-owned subsidiary of Great Lakes which is itself a wholly owned subsidiary of Brascan Corporation, a real estate, power generating and financial services company.

Pursuant to the administration agreement (the "**Administration Agreement**") signed on September 14, 1999 between the Fund and the Administrator, the Administrator will provide 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; (vi) attend to all administrative and other matters arising in connection with any redemption of Units; and (vii) ensure compliance with the Fund's limitations on non-resident ownership. The Administration 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 party. The Administrator must obtain written approval from the Fund to charge the Fund for anything other than the aforementioned services.

The Administrator is entitled to be paid all costs and expenses it incurs in connection with its performance of the services rendered in respect of any given period, in accordance with generally accepted accounting principles.

The agreements pursuant to which management functions of GLPT are being performed, are described in the consolidated financial statements of the Fund for the fiscal year ended December 31, 2002.

The following individuals are the directors and senior officers of the Administrator:

Name	Municipality of residence	Position
Harry A. Goldgut	Vaughan, Ontario	Chairman of the Board and Director
Richard Legault	Gatineau, Québec	President, Chief Executive Officer and Director
Edward C. Kress	Toronto, Ontario	Director
Colin L. Clark	Sault-Ste-Marie, Ontario	Vice-President, Operations
Laurent Cusson	Gatineau, Québec	Executive Vice-President
Donald Tremblay	Gatineau, Québec	Executive Vice-President and Chief Financial Officer

### **Communication and Corporate Disclosure Policy**

The Fund has a corporate disclosure policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that the Fund's communications with the investment community are timely, consistent and in compliance with all applicable securities legislation. The Board has established a corporate disclosure committee responsible for developing, implementing and overseeing the Fund's disclosure policy and practices. The corporate disclosure committee is composed of André Bureau, Richard Legault and Donald Tremblay.

The Fund maintains an investor relations program to respond to inquiries in a timely manner. Management meets with investment analysts and financial advisors to ensure that accurate information is available to investors, including conference calls and meetings to discuss the Fund's financial results. The Fund also endeavours to ensure that the media are kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with the Fund's management.

The Fund also endeavours to keep its Unitholders informed of its progress through comprehensive annual report, quarterly interim reports and periodic press releases. It also maintains a web site that provides summary information on the Fund and ready access to its published reports, press releases, statutory filings and supplemental information provided to analysts and investors. GLPT Trustees and management meet with the Unitholders at the annual meeting and are available to answer questions at that time.

## PART V – OTHER INFORMATION

### **Indebtedness of Senior Executives**

None of the officers of the Fund or their associates has any indebtedness to the Fund or any of its subsidiaries or trusts controlled by the Fund.

### **Interests of Insiders in Material Transactions**

Since December 31, 2002, other than as disclosed in this Circular and in the consolidated financial statements for the fiscal year ended December 31, 2002, the Fund is not aware of any material interest of Great Lakes, of any current or proposed GLPT Trustees or senior officers of the Administrator, or of any of their respective associates or affiliates, in any transaction or in any proposed transaction that has materially affected or will materially affect the Fund or GLPT.

### **Other Business**

The Fund knows of no matter to come before the Meeting other than those referred to in the accompanying Notice.

### **Additional Information**

Copies of the Fund's most recent Annual Information Form (together with the documents incorporated therein by reference), the comparative financial statements of the Fund for the fiscal year ended December 31, 2002, together with a Report of the Auditors thereon, the Management's Discussion and Analysis of the Fund's financial condition and results of operations for the fiscal year ended December 31, 2002 and this Circular will be available upon request to the Fund.

### **Administrator's Approval**

The contents and the sending of this Circular have been approved by the Board of Directors of the Administrator, on behalf of the Sole Trustee.

DATED as of the 14<sup>th</sup> day of March, 2003.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF THE ADMINISTRATOR,**  
on behalf of the Sole Trustee



Harry A. Goldgut  
Chairman

## SCHEDULE A – THE TSX GUIDELINES

The Board is of the view that the Fund's corporate governance practices and procedures are comprehensive and consistent with the TSX Guidelines. The following summarizes these guidelines and sets out the Fund's current practices in each case:

**1. The Board should explicitly assume responsibility for stewardship of the Fund and specifically for:**

**a) Adoption of a strategic planning process**

The Board oversees the strategic planning process and reviews, approves and monitors the strategic plan including fundamental financial and business strategies and objectives. Annually, the Board approves the annual operating plan prepared by the Administrator.

**b) Identification of principal risks and the implementation of appropriate risk management systems**

The Board, directly and through its Audit Committee, assesses the major risks relating to the Fund and reviews, approves and monitors the manner in which those risks are managed.

**c) Succession planning including monitoring senior management**

The management of the Fund and GLPT is performed by the Administrator in accordance with the Administration Agreement and the MOMA, respectively. The GLPT Trustees are informed on a regular basis by the Administrator in relation with succession planning and appointment, training and monitoring of its senior management.

**d) Communications policy**

The Board has approved a corporate disclosure policy which summarizes the policies and practices of the Fund regarding disclosure of material information to investors, analysts and the media.

**e) Integrity of internal controls and management information systems**

The Board, through its Audit Committee, reviews and monitors the controls and procedures within the Fund to maintain its integrity including its disclosure controls and procedures and its internal controls and procedures for financial reporting.

**2-3. The Board should be composed of a majority of unrelated directors. These directors are independent of management and free from any interests and any business or other relationship, other than shareholdings, which could interfere with his or her ability to act in the best interests of the Fund. The Board has the responsibility to apply the definition of unrelated director and to disclose annually the principles and conclusions of this application.**

The Board considers that four of the seven GLPT Trustees, comprising a majority of the Board, are unrelated directors within the meaning of the TSX Guidelines. The proposed GLPT Trustees who are considered unrelated are: André Bureau, Dian Cohen, Pierre Dupuis and Kenneth W. Harrigan. In making this determination, the Board has examined the circumstances of each GLPT Trustee in relation to a number of factors, including each GLPT Trustee's current and past role in the management of the Fund and its affiliates. The Board is applying the relevant TSX Guidelines for determining independence of GLPT Trustees.

**4-5. The Board should appoint a Committee of non-management directors, a majority of whom are unrelated, to propose new nominees for election to the Board and for assessing directors on an ongoing basis. The Board should implement a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.**

The Board has appointed a Governance and Nominating Committee (the “GNC”) with the responsibility, among others, to report on an annual basis on the effectiveness and performance of the Board as a whole, of each of its committees and of each GLPT Trustee individually, including specifically reviewing areas in which their effectiveness may be enhanced taking into account suggestions of all other GLPT Trustees and to establish a process for reviewing GLPT Trustees’ performance and contribution, and together with the Chief Executive Officer (“CEO”), provide input to the Chairman of the Board who is charged with the responsibility of carrying out such reviews. A majority of members of the GNC shall be unrelated directors within the meaning of the TSX Guidelines.

**6. The Board should provide an orientation and education program for new directors.**

New GLPT Trustees are provided with comprehensive information about the Fund and its affiliates. They have the opportunity to meet and participate in work sessions with management to obtain insight into the operations of the Fund and its affiliates.

**7. The Board should examine its size in relation to effective decision-making and adjust its size where appropriate.**

The GNC is responsible, among other things, for periodically assessing the size and composition of the Board and its committees and making recommendations to the Board in connection therewith. The Board considers that its present size is appropriate given the nature of the business activities of GLPT and the Fund, and in accordance with the GLPT Trust Agreement.

**8. The Board should review the adequacy and form of directors compensation to reflect the risk and responsibilities of its directors.**

The GNC is responsible for reviewing and recommending GLPT Trustees compensation to the Board and does so on an annual basis.

**9. Board committees should generally be composed of non-management directors, a majority of whom are unrelated.**

All committees of the Board are composed of a majority of unrelated trustees within the meaning of the TSX Guidelines. The Audit Committee is composed only of unrelated trustees.

**10. The Board or one of its committees should expressly assume responsibility for developing the Fund’s approach to governance issues, including its response to the TSX Guidelines.**

While the Board retains overall responsibility for corporate governance matters, its committees have specific responsibilities for certain aspects of corporate governance. The GNC is responsible for reviewing the Fund’s statement of corporate governance practices, including its response to the TSX Guidelines, and has approved this summary.

**11. The Board, together with the CEO, should define management’s role and responsibilities, including the CEO’s corporate objectives.**

The Board oversees the management of the Fund which is performed by the Administrator pursuant to the Administration Agreement and is provided regularly with an opportunity to discuss the performance of management. The goal and objectives of the CEO and senior management of the Administrator are discussed regularly by the Board.

**12. The Board should have in place appropriate structures to ensure that it can function independent of management.**

The Board has appointed a chairperson who is not member of management of the Fund or of any of its affiliates.

**13. The audit committee of the Board should be comprised only of unrelated directors, should have a specific mandate, and have direct access to the Fund's external and internal auditors and oversight over these functions.**

The Audit Committee of the Board is composed solely of unrelated directors within the meaning of the TSX Guidelines. The terms of reference of the Audit Committee are set out in a charter which has been approved by the Board. Among other things, the Audit Committee is responsible for developing the approach of the Fund regarding the following matters: publicly disclosed financial information, financial accounting and reporting, internal control, risk management and insurance, external audits; and shall review and make recommendations to the Board on all such matters. The Audit Committee also meets periodically in private with the Fund's external auditors to discuss and review specific issues as appropriate.

**14. Individual directors should be able to engage outside advisers under appropriate conditions.**

The Board and any of its committees may at any time retain outside financial, legal or other advisors at the expense of the Fund. Any GLPT Trustee may, subject to the approval of the Chairman of the Board, retain an outside advisor at the expense of the Fund.

## SCHEDULE B – SPECIAL RESOLUTION

Amendments to the Amended and Restated Trust Agreement (the “**Trust Agreement**”) of Great Lakes Hydro Income Fund (the “**Fund**”) dated October 27, 1999

RESOLVED as a Special Resolution of the Unitholders of the Fund that:

1. Subsection 1.1 q) of Article 1 of the Trust Agreement is deleted and replaced with the following:

“ (q) “**Distribution Period**” means the period from April 1, 2003 to May 31, 2003 and, thereafter, each month in each calendar year; ”

2. The heading of Section 9.3 of Article 9 of the Trust Agreement is deleted and replaced with the following:

“ **9.3 Monthly Distributions of Distributable Cash Flow** ”

3. Any other references to quarterly distributions made elsewhere in the Trust Agreement, whether formally or implicitly, shall be construed and interpreted as being monthly distributions;
4. The above amendments to the Trust Agreement shall be effective as at April 28, 2003 upon Unitholders’ approval; and
5. CIBC Mellon Trust Company, as sole trustee of the Fund, be and is hereby authorized and directed for and on behalf of the Unitholders to execute and deliver all such documents, writings and instruments and to do all such ancillary acts and things as it may consider necessary or desirable in connection with or to carry out this special resolution, including any amendments to the trust agreement of Great Lakes Power Trust (“GLPT”) dated September 29, 1999 necessary or desirable to contemplate the same modifications to the Distribution Period provided for in such trust agreement of GLPT.