BORALEX

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Interim Report
As at March 31, 2010

PROFILE

Boralex is a major private electricity producer whose core business is the development and operation of power stations that generate renewable energy.

Employing over 300 people, the Corporation operates 28 power stations with a total installed capacity of 410 megawatts ("MW") in Canada, in the Northeastern United States and in France. In addition, the Corporation has, alone or with its European and Canadian partners, power projects under development that will add close to 300 MW of power, of which almost 100 MW will come online by the end of fiscal 2010. Boralex is distinguished by its diversified expertise and in-depth experience in three power generation segments—*wind*, *hydroelectric* and *thermal*.

Boralex also holds a 23% interest in Boralex Power Income Fund, which has ten power stations with a total installed capacity of 190 MW in Québec and the United States. These sites are managed by Boralex.

Boralex shares are listed on the Toronto Stock Exchange under the ticker symbol BLX.

More information is available at www.boralex.com or www.sedar.com.

TRANSACTION BETWEEN BORALEX AND THE FUND

On May 3, 2010, Boralex and the Fund jointly announced that they have entered into a definitive support agreement, pursuant to which Boralex, through one of its wholly-owned subsidiaries, has offered to acquire by way of a take-over bid (the "Offer") all of the issued and outstanding trust units in the capital of the Fund (the "Units") in exchange for $5 cash equivalent value per Unit in the form of 6.25% Convertible Unsecured Subordinated Debentures of Boralex (the "Debentures"). Boralex has agreed to offer holders of Units ("Unitholders") $100 principal amount of Debentures for each 20 units held.

The special committee of independent trustees of Boralex Power Trust (the "Special Committee") and the Board of Trustees have unanimously determined that the Offer is fair to Unitholders other than Boralex and is in the best interest of the Fund and such Unitholders.

A take-over bid circular containing the full details of the Offer and other related documents are expected to be mailed to Unitholders no later than May 21, 2010.

The Offer is conditional on the deposit in response to the Offer of at least 66⅔% of the outstanding Units, and a majority of the Units not controlled by Boralex, the receipt of any necessary regulatory approvals and satisfaction or waiver of other customary conditions.

Under the terms of the support agreement, the Fund has agreed that it will not solicit or initiate any competing third-party proposals. In the event that the transaction is not completed in certain circumstances, the Fund has agreed to pay Boralex a termination fee of approximately $6.8 million.

This transaction will be described in more detail in the joint information circular which will be filed no later than May 21, 2010 with the regulatory authorities.

The effect of this transaction has not been incorporated in this interim management report.

Interim Management Report 1

as at March 31, 2010

DESCRIPTION OF BUSINESS

Boralex Inc. ("Boralex" or the "Corporation") is a major private electricity producer whose core business is the development and operation of power stations that generate renewable energy. Employing over 300 people, the Corporation operates 28 power stations with a total installed capacity of 410 megawatts ("MW") in Canada, in the Northeastern United States and in France.

Boralex stands out for its diversified expertise and in-depth experience in three power generation segments:

- Boralex currently operates a 153 MW wind power portfolio in Europe and Canada. In recent years, Boralex has become one of the biggest and most experienced wind power producers in France, where it currently operates nine wind farms, including 70 wind generators, with a total installed capacity of 112 MW. In addition, the Corporation is currently developing three other wind farms in France, whose commissioning in 2010 will add 49 MW of installed capacity to its portfolio. Boralex has also entered the Canadian wind power market, with the commissioning in December 2009 and January 2010 of the 40 MW Phase I Thames River site in Ontario. The 50 MW Phase II of the Thames River project will be commissioned by the end of 2010. Boralex is also working with a partner on the development of two wind farms in Seigneurie de Beaupré, Québec, representing a total installed capacity of 272 MW, slated for commissioning at the end of 2013.
- Boralex has over 15 years of expertise as a hydroelectric power producer. It owns and operates eight hydroelectric power stations—five in the United States, two in Québec and one in British Columbia—with a total installed capacity of nearly 40 MW of which 27 MW are currently being generated.
- Boralex owns and operates seven thermal power stations, with a total installed capacity of 218 MW. The Corporation is North America's largest producer of renewable wood-residue energy, with six thermal power stations for a combined capacity of 204 MW. Boralex also operates a natural gas cogeneration power station, rated at 14 MW, located in France.

In addition to its own power stations, Boralex manages 10 power stations in Québec and the Northeastern U.S. with a total installed capacity of 190 MW owned by the Boralex Power Income Fund (the "Fund"), in which it holds a 23% interest.

Boralex's stock, in which Cascades Inc. holds a 34% interest, trades on the Toronto Stock Exchange under the ticker symbol BLX.

INTRODUCTORY COMMENTS TO THE INTERIM MANAGEMENT REPORT

GENERAL

This interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three-month periods ended March 31, 2010, compared with the corresponding three-month periods ended March 31, 2009, as well as the Corporation's financial position as at these dates. This report should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes appearing in this interim report, as well as with the audited consolidated financial statements and accompanying notes appearing in the Corporation's most recent annual report for the year ended December 31, 2009.

Additional information about the Corporation, including the annual information form, previous annual reports, MD&As and interim financial statements, as well as press releases, is published separately and is available on the SEDAR website (www.sedar.com).

The interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditors.

In this interim MD&A, "Boralex" or the "Corporation" means, as applicable, either Boralex Inc. and its subsidiaries and divisions or Boralex Inc. or one of its subsidiaries or divisions, as well as the variable interest entities of which it is the primary beneficiary.

The information contained in this interim MD&A reflects all material events up to May 10, 2010, the date on which the Board of Directors approved the interim consolidated financial statements and interim MD&A.

Unless otherwise indicated, all financial information presented below, as well as tabular information, is in Canadian dollars.

NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at May 10, 2010.

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection.

The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, raw material price increases and availability, currency fluctuations, volatility in the selling price of electricity, the

Corporation's financing capacity, negative changes in general market and industry conditions, as well as other factors presented in this interim MD&A as well as under *Risk Factors and Uncertainties* in the MD&A for the year ended December 31, 2009. Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities of transactions, non-recurring items or exceptional items announced or occurring after the statements are made.

There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Unless otherwise indicated, the financial information presented in this interim MD&A, including tabular amounts, is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This interim MD&A also contains measures that are not standardized measures according to GAAP. For management purposes, Boralex uses earnings before interest, taxes, depreciation and amortization ("EBITDA"), as this method allows management to assess the operating and financial performance of the Corporation's various segments.

In addition, in analyzing changes in its financial position, the Corporation uses cash flows from operations, which is equal to cash flows related to operating activities before change in non-cash working capital items. Both management and investors use this indicator to measure the Corporation's ability to finance its expansion projects through its operating activities.

Please see *Additional Information about Non-GAAP Performance Measures* in this interim MD&A for a reconciliation between EBITDA and cash flows from operations with certain line items in Boralex's consolidated statements of earnings and consolidated statements of cash flows.

SEASONAL FACTORS

(in thousands of dollars, except per share amounts and number of shares)

Quarters ended	*June 30, 2009*	*September 30, 2009*	*December 31, 2009*	*March 31, 2010*
REVENUES FROM ENERGY SALES				
Wind farms	8,018	5,797	10,974	**11,413**
Hydroelectric power stations	2,842	1,779	2,948	**3,054**
Wood-residue thermal power stations	28,338	29,841	27,031	**30,216**
Natural gas thermal power station	2,558	2,259	5,196	**6,321**
	41,756	39,676	46,149	**51,004**
EBITDA				
Wind farms	6,242	4,247	9,085	**9,419**
Hydroelectric power stations	1,785	301	1,743	**1,873**
Wood-residue thermal power stations	8,148	10,685	9,359	**10,028**
Natural gas thermal power station	(145)	(126)	915	**2,038**
Corporate and eliminations	(3,088)	(3,662)	(9,117)	**(5,726)**
	12,942	11,445	11,985	**17,632**
NET EARNINGS	1,817	698	14,712	**1,348**
Per share, basic, in dollars	0.05	0.02	0.39	**0.04**
Per share, diluted, in dollars	0.05	0.02	0.39	**0.04**
Weighted average number of common shares outstanding (basic)	37,740,921	37,740,921	37,740,921	**37,740,921**

(in thousands of dollars, except per share amounts and number of shares)

Quarters ended	*June 30, 2008*	*September 30, 2008*	*December 31, 2008*	*March 31, 2009*
REVENUES FROM ENERGY SALES				
Wind farms	6,677	5,859	7,942	9,083
Hydroelectric power stations	3,200	1,920	2,844	2,760
Wood-residue thermal power stations	27,113	37,866	37,040	38,181
Natural gas thermal power station	2,674	3,166	6,490	7,174
	39,664	48,811	54,316	57,198
EBITDA				
Wind farms	5,043	4,361	6,059	7,215
Hydroelectric power stations	2,391	847	1,647	1,709
Wood-residue thermal power stations	6,795	13,558	9,064	11,803
Natural gas thermal power station	(204)	(157)	1,378	1,511
Corporate and eliminations	(1,450)	(1,844)	(2,544)	(1,286)
	12,575	16,765	15,604	20,952
NET EARNINGS	1,101	5,679	4,398	7,212
Per share, basic, in dollars	0.03	0.15	0.12	0.19
Per share, diluted, in dollars	0.03	0.15	0.12	0.19
Weighted average number of common shares outstanding (basic)	37,818,503	37,831,382	37,740,921	37,740,921

Operations and results for some of the Corporation's power stations are subject to seasonal cycles that vary by segment. Moreover, the impact of seasonal variations differs, depending on whether or not the power stations have power sales contracts.

For the 19 Boralex facilities that have long-term fixed-price power sales contracts, seasonal cycles mainly affect the volume of power generated. The nine power stations that do not have long-term contracts and that sell their power on the open market in the Northeastern U.S. are more vulnerable to seasonal fluctuations which, in addition to influencing power generation volumes, also have an impact on prices obtained.

Further, the price of natural gas, which is highly volatile, has a significant influence on electricity selling prices in the Northeastern U.S. Generally, electricity consumption increases in the winter and summer, which corresponds to Boralex's first and third quarters. Historically, this means that, for those two periods, the power stations that do not have long-term power sales contracts obtain higher average prices. Because the wood-residue power stations can regulate their output level, they generate more power during such peak periods. For this reason, these power stations perform shutdowns for regular maintenance in spring or fall, which impacts their operating results for those periods. In addition, the Corporation uses financial instruments for periods of up to three years for hedging purposes to fix part of the prices of power stations without long-term power sales contracts, which partially offsets the seasonal impact on prices.

In the wind power segment, wind conditions both in France and in Ontario (Canada) are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, for the high-altitude wind farms in France, there is a greater risk of lower output caused by weather conditions, such as icing, in winter. In general, in view of weather conditions described above, management estimates that approximately 60% of annual output in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

The impact of the seasonal cycle on Boralex's results will strengthen in coming years, as the Corporation's strategic plan positions the wind power segment to play an ever-greater role in its portfolio of energy assets and its revenue and operating income mix. In this regard, note that with the commissioning of the wind farms currently under development in France and in Canada, the wind power segment will represent over 250 MW of installed capacity by the end of fiscal 2010, making wind power the Corporation's key operating segment.

Hydroelectric generation depends on water flow, which in Canada and the Northeastern U.S. tends to be at a maximum in spring and generally good in the fall, which represents Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. Note that Boralex's hydroelectric facilities do not have reservoirs that would permit the regulation of water flow.

The natural gas cogeneration power station's long-term power sales contract with Électricité de France ("EDF") contains a clause that caps electricity prices from April to October. When the cost of natural gas is high, the profit margin for this period is not sufficient to offset the ceiling on electricity prices. The cogeneration equipment may therefore be shut down, in which case the Corporation supplies its steam client from an auxiliary boiler. Accordingly, since 2005, the power station operates its cogeneration equipment only during the five winter months.

Furthermore, Boralex's investment in the Fund is also subject to a seasonal cycle. Approximately 50% of the Fund's output is hydroelectric and is thus subject to the same effects on its volume as Boralex's hydroelectric power stations. However, as all of the Fund's power stations have long-term power sales contracts, they are not subject to a seasonal price cycle. Nevertheless, some of the Fund's power stations receive a premium for power generated from December to March, which typically results in higher profitability for the Fund in the first and fourth quarters.

To sum up, **although Boralex's performance is affected by seasonal cycles, their impact is mitigated to some extent by the increasing proportion of revenues from fixed-price and price-indexed contracts, the growing diversification of its power generation sources, the partial use of financial instruments to hedge prices, and the diversified geographic positioning of its assets. The Corporation is also developing complementary revenue streams in order to increase and secure revenues or to reduce costs. It participates, for example, in the Renewable Energy Certificates ("RECs") market and the Forward Capacity Market in the Northeastern U.S., in the carbon dioxide ("CO_2") quota trading and green certificate markets in France and, since the beginning of fiscal 2010, in the U.S. Biomass Crop Assistance Program ("BCAP").**

FINANCIAL HIGHLIGHTS

(in thousands of dollars, except per share amounts and number of shares)	*Quarters ended* *March 31,* **2010**	*March 31,* 2009
REVENUES FROM ENERGY SALES		
Wind farms	**11,413**	9,083
Hydroelectric power stations	**3,054**	2,760
Wood-residue thermal power stations	**30,216**	38,181
Natural gas thermal power station	**6,321**	7,174
	51,004	57,198
EBITDA ***AS REPORTED IN THE FINANCIAL STATEMENTS***		
Wind farms	**9,419**	7,215
Hydroelectric power stations	**1,873**	1,709
Wood-residue thermal power stations	**10,028**	11,803
Natural gas thermal power station	**2,038**	1,511
Corporate and eliminations	**(5,726)**	(1,286)
	17,632	20,952
EBITDA, A*DJUSTED* [(1)]		
Wind farms	**9,419**	7,215
Hydroelectric power stations	**1,873**	1,709
Wood-residue thermal power stations	**10,028**	11,803
Natural gas thermal power station	**2,038**	1,511
Corporate and eliminations	**(2,005)**	(2,006)
	21,353	20,232
NET EARNINGS ***AS REPORTED IN THE FINANCIAL STATEMENTS***	**1,348**	7,212
Per share, basic and diluted, in dollars	**0.04**	0.19
NET EARNINGS, A*DJUSTED* [(1)]	**5,483**	6,730
Per share, basic and diluted, in dollars	**0.15**	0.18
Weighted average number of common shares outstanding (basic)	**37,740,921**	37,740,921

(1) See *Additional Information about Non-GAAP Performance Measures* for information on these specific items.

(in thousands of dollars)	**As at March 31, 2010**	As at December 31, 2009
BALANCE SHEET DATA		
Total assets	**776,416**	663,767
Total debt [(2)]	**347,486**	242,680
Shareholders' equity	**327,459**	340,030

(2) Including long-term debt and its current portion, as well as bank loans and advances, where applicable.

ADDITIONAL INFORMATION ABOUT NON-GAAP PERFORMANCE MEASURES

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA and cash flows from operations. Although not performance measures under GAAP, management feels that EBITDA and cash flows from operations are widely accepted financial measures used by investors to assess the operating performance of a company and its ability to generate cash through operations.

Nevertheless, since these measures are not defined under GAAP, they may not be comparable to similarly named measures used by other companies.

Investors should not view EBITDA as an alternative measure to, for example, net earnings, or as a measure of operating results or cash flows, or as a parameter for measuring liquidity. In Boralex's consolidated statement of earnings, EBITDA corresponds to *Operating income before amortization.*

The following table reconciles EBITDA to net earnings:

(in thousands of dollars)	*Quarters ended* *March 31,* **2010**	*March 31,* 2009
Net earnings	**1,348**	7,212
Non-controlling interests	**280**	59
Income taxes	**3,001**	3,956
Gain on sale of subsidiary	**(774)**	-
Financing costs	**5,762**	3,418
Net gain on financial instruments	**(560)**	(115)
Foreign exchange loss (gain)	**876**	(43)
Amortization	**7,699**	6,465
EBITDA	**17,632**	20,952

Cash flows from operations are equal to cash flows related to operating activities before change in working capital. Management uses this measure to assess cash flows generated by the Corporation's operations and its capacity to finance its expansion through those funds. In light of the seasonal nature of the Corporation's operations and development activities, changes in non-cash working capital items can vary considerably.

In addition, development activities result in significant changes in accounts payable during the construction period, as well as an initial injection of working capital at project start-up.

Trade accounts receivable can also vary significantly when the Corporation qualifies for entry into new renewable energy markets. Accordingly, the Corporation deems it preferable not to integrate changes in working capital in this performance measure.

However, investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, a measure consistent with GAAP.

The following table reconciles cash flows from operations to cash flows related to operating activities:

(in thousands of dollars)	*Quarters ended* *March 31,* **2010**	*March 31,* 2009
Cash flows related to operating activities	**22,298**	14,281
Cash flows used in (generated from) change in non-cash working capital items	**(6,766)**	1,040
CASH FLOWS FROM OPERATIONS	**15,532**	15,321

The following table reconciles EBITDA and net earnings as reported in the financial statements with adjusted EBITDA and net earnings:

	EBITDA *for the quarters ended*		*Net earnings *for the quarters ended*	
(in thousands of dollars)	*March 31,* **2010**	*March 31,* 2009	*March 31,* **2010**	*March 31,* 2009
As reported in financial statements	**17,632**	20,952	**1,348**	7,212
Specific items:				
Share of Boralex in impairment of property, plant and equipment at a power station owned by the Fund	**3,721**	-	**2,739**	-
Amortization of balance of deferred financing costs under former financing for Phase I of Thames River	-	-	**1,915**	-
Gain on sale of subsidiary	-	-	**(519)**	-
Gain on disposal of investment in subsidiary	-	(720)	-	(482)
Adjusted data	**21,353**	20,232	**5,483**	6,730

*Impact net of income taxes

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2010

The following table shows major changes in net earnings:

	Net earnings (in millions of dollars)	*Per share (in $) (basic)*
QUARTER ENDED MARCH 31, 2009	**7.2**	**0.19**
Change in EBITDA*	(3.4)	(0.09)
Amortization	(1.2)	(0.03)
Foreign exchange loss (gain)	(0.9)	(0.02)
Net gain on financial instruments	0.5	0.01
Financing costs	(2.4)	(0.06)
Gain on sale of subsidiary	0.8	0.02
Income taxes	1.0	0.03
Non-controlling interests	(0.3)	(0.01)
QUARTER ENDED MARCH 31, 2010	**1.3**	**0.04**

* See table on page 9.

Boralex generated net earnings of $1.3 million or $0.04 per share (basic and diluted) during the first quarter of fiscal 2010, compared with $7.2 million or $0.19 per share (basic and diluted) for the same quarter in 2009. This decline of $5.9 million or $0.15 per share is largely attributable to the following factors, which are not related to Boralex's current operations:

- Boralex's $2.7 million share (net of income taxes of $1.0 million) in the impairment charge recorded against property, plant and equipment at the Dolbeau (Québec) power station owned by the Fund, due to changes in this power station's operating environment;
- On March 15, 2010, Boralex arranged full financing with a consortium of Canadian life insurance companies for its Thames River, Ontario (Canada) wind farm, including financing for the 50 MW Phase II currently under construction, and refinancing for the 40 MW Phase I completed in January 2010. Accordingly, Boralex amortized the remaining $1.9 million in deferred financing costs (net of income taxes) related to the initial financing for Phase I; and
- During the first quarter of fiscal 2010, Boralex generated a $0.5 million gain (net of income taxes) on the sale of a subsidiary operating a wind farm in France (this transaction is described later in this section). During the first quarter of fiscal 2009, *Other revenues* reflected a $0.5 million gain (net of income taxes) on the disposal of an investment in a subsidiary.

Excluding these factors, whose combined impact dampened net earnings by $4.1 million in 2010, other factors that affected net earnings were:

- A $1.2 million increase in amortization; and
- A $0.4 million net adverse variance in exchange gains and losses and gains on financial instruments.

The following table shows major changes in revenues from energy sales and EBITDA:

(in millions of dollars)	*Revenues from energy sales*	*EBITDA*
QUARTER ENDED MARCH 31, 2009	**57.2**	**21.0**
Power stations commissioned[1]	4.3	3.5
Pricing	(4.3)	(4.3)
Volume	(0.2)	(0.2)
RECs and green certificates	2.1	2.5
Capacity premiums	0.2	0.2
Translation of self-sustaining subsidiaries	(8.4)	(3.0)
CO_2 quota	-	(0.4)
Renewable energy tax credits	-	(2.9)
Raw material costs	-	5.4
Maintenance	-	0.6
Boralex Power Income Fund	-	(3.8)
Development expenses – prospecting	-	(0.2)
Other	0.1	(0.8)
QUARTER ENDED MARCH 31, 2010	**51.0**	**17.6**

(1) Commissioning of four wind farms of the 40 MW Phase I at the Thames River site in Canada in December 2009 and January 2010, the 4.6 MW Cham Longe II wind farm in France in February 2010, and the Ocean Falls hydroelectric power station in Canada in April 2009.

REVENUES FROM ENERGY SALES

Revenues from energy sales totalled $51.0 million for the three-month period ended March 31, 2010, down $6.2 million or 10.8% from the same period of 2009. This decline is attributable to two main factors:

- The strengthening of the Canadian dollar against the US dollar and the euro, which had an $8.4 million negative impact on year-to-date revenues. Note that at constant exchange rates, first quarter 2010 revenues would have posted an increase of 3.8% over first quarter 2009 revenues; and
- The $4.3 million adverse impact of the reduction in the Corporation's average selling prices due primarily to weak electricity selling prices in the Northeastern U.S. open market and to the fact that Boralex had exhausted the majority of the benefits it enjoyed in 2009 through electricity price financial swaps implemented in 2008.

On the upside, first quarter revenues benefited from:
- The $4.3 million net favourable effect of a 13.8% increase in output, which totalled 473,087 MWh compared with 415,728 MWh for the corresponding period of 2009. This increase stems primarily from the December 2009 and January 2010 commissioning of the 40 MW Phase I Thames River (Canada) wind farm, the February 2010 commissioning of the 4.6 MW Cham Longe II (France) wind farm, and the additional contribution of the Ocean Falls (Canada) hydroelectric power station acquired in April 2009;
- A $2.1 million increase (excluding currency translation) in wood-residue segment REC sales, including the sale of a portion of surplus RECs in fiscal 2009; and
- A $0.2 million increase in wood-residue segment capacity premiums.

OTHER REVENUES

Revenues other than revenues from energy sales totalled $0.6 million compared with $5.2 million in 2009. This decline is attributable to Boralex's $3.7 million share in the impairment charge recorded against property, plant and equipment at the Dolbeau (Québec) thermal power station owned by the Fund, a $1.2 million reduction in *Other revenues* which, in the first quarter of 2009, recognized a $0.7 million gain on disposal of an investment in a subsidiary, and higher sales of excess CO_2 quota at the natural gas power station in France in 2009 than in 2010. These factors were partially offset by a $0.4 million increase in management revenues received from the Fund.

EBITDA

Consolidated EBITDA for the first quarter of 2010 fell 16.2% to $17.6 million from $21.0 million for the same period last year. Note that 2009 EBITDA reflected a gain of $0.7 million on disposal of an investment in a subsidiary, while 2010 EBITDA reflected Boralex's $3.7 million share in the impairment charge recorded against property, plant and equipment at the Dolbeau (Québec) power station owned by the Fund. Excluding these specific factors, adjusted EBITDA for the first quarter of 2010 totalled $21.4 million, up $1.2 million or 5.9% from $20.2 million for the corresponding quarter of 2009. Also note that the strengthening of the Canadian dollar had a $3.0 million adverse impact on consolidated EBITDA.

The following key factors contributed to strong operating performance in the first quarter of 2010:
- A $5.4 million reduction in raw material costs, including declines of, respectively, $4.4 million in wood-residue costs at the U.S. thermal power stations and $1.0 million in natural gas costs at the cogeneration power station in France;
- A $3.3 million increase arising from higher output, due primarily to the Corporation's expansion of installed capacity in the wind power and hydroelectric segments over the past twelve months;
- A $2.5 million increase tied to higher REC sales in the United States and lower direct selling costs on those sales;
- A $0.6 million decrease in maintenance costs; and
- A $0.2 million increase in capacity premiums.

Overall, these favourable factors more than offset the following adverse changes:
- A $4.3 million shortfall due to lower electricity selling prices in the U.S. market and a reduction in the advantages provided by electricity price financial swaps implemented in 2008 which benefited the wood-residue segment in 2009;
- A $2.9 million shortfall related to the December 2009 termination of the U.S. renewable energy tax credits program. The U.S. government is currently studying a proposal which may lead to the extension of this program in 2010;
- A $0.4 million reduction in excess CO_2 quota sales by the natural gas cogeneration plant in France; and
- A $0.2 million increase in development and prospecting costs incurred by the Corporation.

AMORTIZATION, FOREIGN EXCHANGE LOSS (GAIN), NET GAIN ON FINANCIAL INSTRUMENTS AND FINANCING COSTS

The Corporation reported $7.7 million in amortization expense for the first quarter compared with $6.5 million in 2009. This increase of $1.2 million, or 18.5%, is the result of major investments in the Corporation's expansion projects over the past twelve months, mainly the commissioning of Phase I of the Thames River wind farm and the Cham Longe II wind farm. However, the increase in amortization expense related to Boralex's U.S. and European assets was offset by the strengthening of the Canadian dollar against the US dollar and the euro relative to the first quarter of 2009.

Financing costs totalled $5.8 million for the first quarter of 2010 compared with $3.4 million for the corresponding period of 2009. As described above, 2010 costs include $2.7 million in amortization of the balance of deferred financing costs under the former financing for Phase I of the Thames River site, which was refinanced in March 2010. On the other hand, financing costs for the first quarter of 2009 included $1.1 million related to the U.S. renewable energy tax credits monetization program which came to an end in December 2009. Excluding these two factors, financing costs rose by $0.8 million as the Corporation contracted new debt over the past twelve months for various development projects, notably the commissioning of Phase I of the Thames River wind farm, the acquisition of wind farms in France and the acquisition of the Ocean Falls hydroelectric power station. Higher financing costs were offset by debt repayments over the past twelve months and by the positive impact of the appreciation of the Canadian dollar on the interest expense on debt denominated in euros, which accounted for 72% of Boralex's total debt at the beginning of fiscal 2010 (43% as at March 31, 2010).

Boralex reported a $0.9 million foreign exchange loss in the first quarter of 2010 compared with a slight gain in the previous year. The Corporation also posted a net gain on financial instruments of $0.6 million in the first quarter of 2010, up from $0.1 million for 2009. *Net gain on financial instruments* consists mainly of the ineffective portion of financial instruments. Although all of the financial instruments used by Boralex are highly effective, they always include a small ineffective portion. Generally, if the change in derivative instruments is favourable to Boralex, it gives rise to a favourable ineffective amount. Conversely, when the change in derivative instruments is unfavourable to Boralex, it gives rise to an unfavourable ineffective amount.

GAIN ON SALE OF A SUBSIDIARY AND EARNINGS BEFORE INCOME TAXES

On March 31, 2010, Boralex generated a $0.8 million gain on the sale of the subsidiary that owned the Bel Air wind farm in Brittany (France). This wind farm was acquired in December 2009 as part of the transaction by Boralex and its European partner Cube Infrastructure Fund ("Cube") for the acquisition of wind power assets totalling 47 MW at three wind farms—Le Grand Camp (10 MW), Ronchois (30 MW) and Bel Air (7 MW). The key strategic objective of this transaction was to integrate the first two sites, under development, into Boralex's wind power portfolio. The Bel Air wind farm, of secondary importance, was not a good fit with the Corporation's wind power development strategy in Europe. Management therefore regarded the offer to purchase this site as a sound alternative for Boralex and its shareholders. In light of the foregoing, Boralex recorded earnings before income taxes of $4.6 million in the first quarter of 2010 compared with $11.2 million in the corresponding period of 2009.

INCOME TAXES

Boralex reported a $3.0 million income tax expense for the first quarter of 2010 compared with $4.0 million for the previous year. Given the various jurisdictions in which the Corporation currently operates and develops future power station projects, management estimates that Boralex's combined tax rate should range from 32% to 35% over a medium-term horizon.

In the near term, however, Boralex's consolidated income tax rate may vary significantly from one period to another. This reflects variability in results across its various operating jurisdictions and the fact that the ratio of Fund distributions stemming from dividends is affected by the amount of US dollar resources repatriated to Canada by the Fund to pay distributions. Further, dividends received from the Fund are not taxable for Boralex.

NET EARNINGS

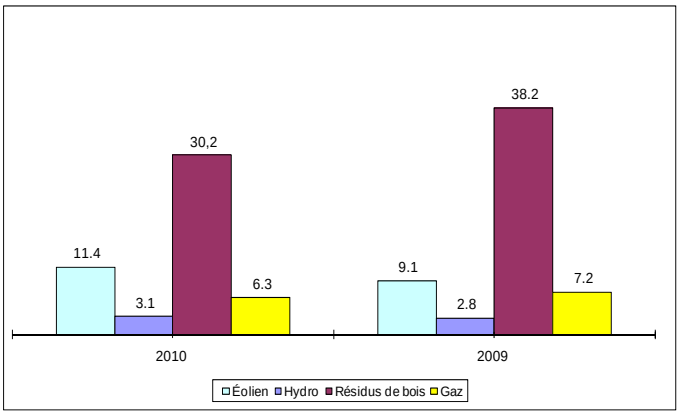
Boralex ended the first quarter of fiscal 2010 with $1.3 million in net earnings or $0.04 per share (basic and diluted) compared with $7.2 million or $0.19 per share (basic and diluted) for the same period of 2009. Excluding non-recurring factors for the two comparative periods discussed above, adjusted net earnings for the first quarter of 2010 would total $5.5 million compared with $6.7 million in 2009.

To sum up, **excluding specific factors not related to current operations, and the adverse impact of currency fluctuations, Boralex's quarterly results reflect an improvement of approximately 20% in operating profitability, due in large part to the expansion of the wind power segment and to a reduction in supply costs in the wood-residue segment. The expected expansion of installed capacity in the wind power segment in 2010 should strengthen the Corporation's overall performance for the current fiscal year and gather pace even further in 2011.**

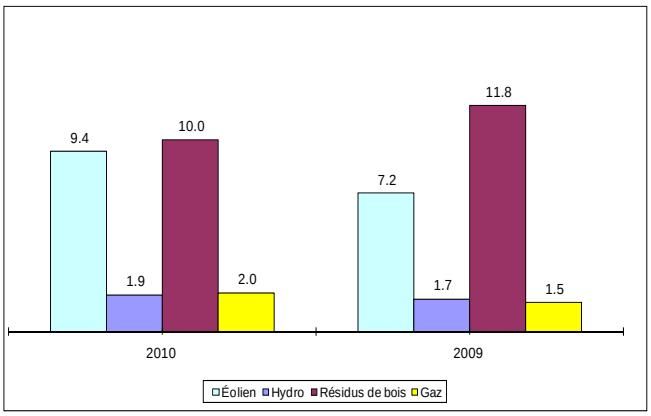
ANALYSIS OF SEGMENTED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2010

SEGMENT BREAKDOWN

Revenues from energy sales (in millions of dollars)



EBITDA (in millions of dollars)[1]



(1) Excluding corporate segment and eliminations

For the quarter ended March 31, 2010, the wind power segment accounted for 22.4% of Boralex's consolidated revenues from energy sales compared with 15.9% for the same period of 2009. The segment generated 40.3% of consolidated EBITDA (before corporate expenses and intersegment eliminations) compared with 32.4% in 2009. These rises resulted from increases in the segment's quarterly revenues and EBITDA of 25.3% and 30.6%, respectively, driven by the recent expansion of its asset base. The growth in the wind power segment's contribution to Boralex's consolidated results also stemmed from declines in revenues and EBITDA from the wood-residue segment of 20.9% and 15.0%, respectively, owing to foreign currency fluctuations and lower average selling prices. The wind power segment's contribution to Boralex's consolidated revenues for the first quarter of 2010 fell to 59.2% from 66.8% in 2009, while its share of consolidated EBITDA fell to 42.9% from 53.1%.

Despite the adverse foreign exchange effect and lower electricity prices in the New York State open market, the hydroelectric segment reported improved results thanks to higher output. The segment's contribution to Boralex's consolidated revenues for the first quarter of 2010 rose to 6.0% from 4.8% in 2009, while its share of consolidated EBITDA increased to 8.0% from 7.7%.

Lastly, the share of quarterly consolidated revenues posted by the natural gas-fired power station eased to 12.4% in 2010 from 12.5% in 2009, while its contribution to consolidated EBITDA rose to 8.7% from 6.8% owing primarily to a drop in the price of natural gas.

WIND POWER STATIONS

The following table shows major changes in revenues from energy sales and EBITDA for the quarters ended March 31, 2009 and 2010:

(in millions of dollars)	*Revenues from energy sales*	*EBITDA*
QUARTER ENDED MARCH 31, 2009	**9.1**	**7.2**
Power stations commissioned[1]	3.6	3.1
Pricing	(0.1)	(0.1)
Translation of self-sustaining subsidiaries	(1.1)	(0.9)
Other	(0.1)	0.1
QUARTER ENDED MARCH 31, 2010	**11.4**	**9.4**

(1) Four wind farms of the 40 MW Phase I at the Thames River site in Canada in December 2009 and January 2010 and the 4.6 MW Cham Longe II wind farm in France in February 2010.

OPERATING RESULTS

The wind power segment's results for the first quarter of 2010 show that Boralex is reaping the benefits of its wind power expansion strategy, and this segment will become the focus of the Corporation's operations in fiscal 2010.

For the quarter ended March 31, 2010, the wind power segment reported $11.4 million in revenues from energy sales, up 25.3% from $9.1 million for the same period of 2009. The Canadian dollar's appreciation against the euro curbed segment revenues by $1.1 million, barring which the increase would have amounted to 37.4%.

Revenue growth was driven by a 48.6% surge in output, which totalled 90,291 MWh compared with 60,761 MWh in the same quarter of 2009. The jump in output resulted primarily from the commissioning in December 2009 and January 2010 of the 40 MW Phase I of the Thames River site in Canada, and to a lesser extent, to the commissioning in February 2010 of the 4.6 MW Cham Longe II wind farm in France.

Output at existing wind farms was relatively flat compared with the same quarter of 2009. Lower output at Cham de Cham Longe owing to icing episodes was offset by a rise in output at the Avignonet I and II and Plouguin wind farms. Output at the other wind farms was similar to the levels reported in the corresponding quarter of the previous year. Wind conditions in France were generally below average in the first quarter of 2010, as was the case in 2009. In Canada, particularly in Southern Ontario, wind conditions were also below normal.

Average selling prices in France eased approximately 1% lower in the wake of a decline in France's consumer price index, to which our electricity selling prices are tied.

EBITDA for the wind power segment totalled $9.4 million compared with $7.2 million in the same quarter of 2009. This 30.6% upswing—43.1% at a constant Canadian dollar/euro exchange rate—was mainly fuelled by expansion in the segment's Canadian operations. The four wind farms of Phase I of the Thames River project have capitalized, since February 2010, on the benefits of the Advanced RESOP program, including a basic rate of $121/MWh. The segment's margin of EBITDA to revenues for the first quarter of 2010 stood at 82.5% compared with 79.4% for the same period last year. For Boralex's segments as a whole, our average EBITDA margin is 45.8% (38.9% in 2009). Boralex's overall margin is trending upwards in step with increases in the wind power segment weighting in its product mix. And this favourable curve will steepen over the coming quarters with the completion of projects in progress.

OUTLOOK

Boralex expects revenue growth in the wind power segment to be strong in 2010, gathering pace even further in 2011. Thanks to recent development projects in Canada and Europe, installed capacity in Boralex's wind power segment has soared 153 MW or 42% from 108 MW in April of 2009. Facilities totalling an additional 49 MW will be commissioned in Europe in the next two quarters, with five new wind farms totalling 50 MW to be commissioned in Canada late in fiscal 2010. As a result, Boralex will kick off 2011 with an installed and contracted wind power capacity totalling 252 MW, up 64.7% from its current level. All of Boralex's wind power assets, in both Europe and Canada, enjoy long-term power sales contracts and favourable rates.

The following key development projects are currently underway:

- In Canada, in addition to optimizing output at the 40 MW wind farms in operation at the Thames River I site, Boralex intends to commission the site's 50 MW Phase II by the end of fiscal 2010. Phase II has been financed and Phase I refinanced over a 21-year period, with development of the five new wind farms of Phase II progressing as planned. Once in operation, these facilities will also qualify for the Advanced RESOP program at a basic rate of $121/MWh and, for the first ten years, on an additional ecoENERGY payment of $10/MWh. Over a longer horizon, Boralex and its partner are pursuing development of two wind farms totalling 272 MW at Seigneurie de Beaupré, Québec, with a view to completing financing over the next 12 to 18 months. These projects are to be commissioned in late 2013.
- In Europe, in addition to the ongoing optimization of its existing assets, including two Cham Longe II wind turbines, Boralex has begun construction on its new 9.2 MW Chasse-Marée wind farm, slated for commissioning in summer 2010. Construction work is also underway on the Le Grand Camp and Ronchois wind farms, with installed capacities of 10 MW and 30 MW, respectively, and commissioning dates in third-quarter 2010. Together with its European partner, Cube, Boralex is targeting opportunities to pick up wind power sites in operation or under development in France and a number of other

countries, including Italy. In light of this outlook, management is currently in talks to extend its master financing agreement and renegotiate the maximum amount and duration while adding the option of investing elsewhere in Europe and in other segments than wind power, such as solar power.

In July 2009, the Council of State, the final level of appeal in the French legal system, upheld the decision cancelling the building permit for the expansion of two wind turbines at the Avignonet-Lauragais facility commissioned in April 2008. This decision does not jeopardize the power sales contract with EDF nor operation of the expansion. At present, this situation does not place Boralex in default under any credit agreement. To date, Boralex has applied to the appropriate authorities for an amended building permit, while the Commune of Montferrand has filed a civil suit to have the wind turbines destroyed, against which the Corporation intends to vigorously defend itself. These wind turbines account for 1% of the Corporation's total installed power capacity.

In Boralex management's opinion, the medium- and long-term outlooks for the wind power segment are highly favourable, due in particular to the scale and quality of its Canadian projects. In North America, in the next three fiscal years, the Corporation will focus on completing and optimizing the Thames River projects in Ontario and the Seigneurie de Beaupré project in Québec. The Québec site also has high potential for development of additional wind farms that could generate significant operating synergies.

Accordingly, the Corporation continues to plan for long-term growth for its wind power segment by seeking projects to be developed from 2014 onward. For instance, in response to Hydro-Québec's request for proposals for the development of municipal energy projects, Boralex will pitch projects with a potential additional wind power capacity of 50 MW, including an expansion at Seigneurie de Beaupré. Pending approval, these projects would be commissioned as of 2013-2014.

HYDROELECTRIC POWER STATIONS

The following table shows major changes in revenues from energy sales and EBITDA for the quarters ended March 31, 2009 and 2010:

(in millions of dollars)	*Revenues from energy sales*	*EBITDA*
QUARTER ENDED MARCH 31, 2009	**2.8**	**1.7**
Commissioning – Ocean Falls	0.8	0.4
Pricing	(0.1)	(0.1)
Translation of self-sustaining subsidiaries	(0.4)	(0.2)
Maintenance	-	0.2
Other	-	(0.1)
QUARTER ENDED MARCH 31, 2010	**3.1**	**1.9**

HYDROELECTRIC OUTPUT (MWH)*	*Actual 2010*	*Actual 2009*	*Historical averages*
Quarters ended March 31	40,309	35,666	37,644
Annual average			128,502

* The historical average is determined using all output data available for each power station up to the end of Boralex's previous fiscal year.

OPERATING RESULTS

Hydroelectric segment revenues for the first quarter of 2010 totalled $3.1 million, up 10.7% from $2.8 million for the same period of 2009. The strengthening of the Canadian dollar against its U.S. counterpart resulted in a $0.4 million currency translation loss on revenues from our U.S. power stations. At constant exchange rates, the hydroelectric segment would have reported a 25% increase in quarterly revenues.

Segment revenue growth was driven mainly by the acquisition of the Ocean Falls power station in British Columbia, Canada, with an installed capacity of 2 MW operated by Boralex since April 2009. This power station topped up hydroelectric revenues by $0.8 million from the 40,309 MWh delivered in the first quarter of 2010 compared with 35,666 MW in the same period of 2009. Excluding the new power station, output at existing facilities was slightly higher than in the first quarter of 2009, outperforming the historical average for this time of the year by 5.6%. Adverse effects in this segment included a $0.1 million decline in revenues and EBITDA due to a 5.4% drop in electricity selling prices (in US$) in the New York State open market. However, the impact of this decrease was offset by higher contractual selling prices at Canadian power stations than in the U.S. open market, particularly at the new Ocean Falls facility.

EBITDA for the hydroelectric segment totalled $1.9 million, up 11.8% (23.5% at constant exchange rates) from $1.7 million for the same quarter of 2009. The Ocean Falls contribution and the overall decline in maintenance costs readily offset the lower average electricity selling price, foreign currency effect and increases in certain costs.

OUTLOOK

The hydroelectric segment output is difficult to forecast since it depends primarily on water flow conditions. Note however that the segment benefits from a low and generally fixed cost structure and although low electricity prices in the New York State open market continue to hinder this segment, the gradual recovery in the U.S. economy is likely to stabilize and even strengthen prices over the next few quarters.

The segment's main objectives for 2010 are as follows:

- Continue optimizing the 2 MW in operation at Ocean Falls;
- Renegotiate the power sales contract at the Forces Motrices St-François power station entered into in 1991 under Hydro-Québec's APR (limited request for proposals) due to expire at the end of 2010. This will be Boralex's first renegotiation of a long-term contract. Note that for the first quarter of 2010, the 2 MW East Angus power station's share of consolidated revenues and EBITDA stood at 1% and 1.5%, respectively; and
- Continue developing municipal projects arising from Hydro-Québec's requests for proposals.

Over the medium- and long-term, Boralex will target opportunities to expand its hydroelectric segment, particularly in British Columbia, where in addition to a medium-term development initiative to capture the full potential of Ocean Falls and the rights it acquired in the same area in 2009, Boralex will strive to identify and acquire operational assets or development projects slated to begin as of 2014.

WOOD-RESIDUE THERMAL POWER STATIONS

The following table shows major changes in revenues from energy sales and EBITDA for the quarters ended March 31, 2009 and 2010:

(in millions of dollars)	*Revenues from energy sales*	*EBITDA*
QUARTER ENDED MARCH 31, 2009	**38.2**	**11.8**
Pricing	(3.9)	(3.9)
Volume	(0.3)	(0.3)
RECs	2.2	2.6
Translation of self-sustaining subsidiaries	(6.2)	(1.9)
Capacity premiums	0.2	0.2
Renewable energy tax credits	-	(2.9)
Raw material costs	-	4.5
Maintenance	-	0.2
Other	-	(0.3)
QUARTER ENDED MARCH 31, 2010	**30.2**	**10.0**

OPERATING RESULTS

During the first quarter of 2010, as management anticipated, the wood-residue segment continued to be buffeted by challenging market conditions, such as the slump in electricity selling prices indexed to the price of natural gas, a persistently fragile economy in the Northeastern U.S. and an unfavourable exchange rate. In addition, in 2010, the segment can no longer draw on the same advantages it had in 2009 under forward power sales contracts entered into in 2008.

For the third quarter ended March 31, 2010, revenues totalled $30.2 million, down 20.9% from $38.2 million for the same period of 2009, reflecting the following:

- The $6.2 million adverse impact of the Canadian dollar's appreciation against the greenback. At constant exchange rates, revenues would have slipped less than 5%;
- The $3.9 million adverse impact of a 7.7% drop in the average selling price (in US$) at power stations in the New England market and the fact that the segment had exhausted most of the benefits it enjoyed in 2009 through electricity price financial swaps implemented in 2008; and
- A $0.3 million adverse net volume effect owing primarily to the Stacyville power station, which was operational in January and February 2009 but idle throughout the first quarter of 2010. However, nearly all other power stations stepped up output, particularly at Stratton and Fort Fairfield. In the first quarter of 2010, the wood-residue segment generated total electricity output of 320,057 MWh, up 7.9% from 296,688 MWh for the same period of 2009, but due to a lower price in 2010, the overall volume difference was negative.

The factors that dampened revenues were mitigated by the following:

- A $2.2 million increase in REC sales at our four REC-producing power stations, particularly at our Stratton facility, which voluntarily lowered its output last year. REC sales for the first quarter of 2010 totalled US$9.7 million (of which approximately US$1.5 million stemmed from RECs produced in 2009) compared with US$7.5 million in the same quarter of 2009; and
- A $0.2 million increase in capacity premiums.

Quarterly EBITDA in the wood-residue segment totalled $10.0 million, down 15.3% from $11.8 million for the corresponding period of 2009, owing to the same factors that curbed revenues. At a constant exchange rate for the Canadian and US dollars, EBITDA for the first quarter would have been comparable, even slightly higher than in the corresponding period of 2009. In addition, the December 2009 termination of the U.S. renewable energy tax credits program resulted in a $2.9 million shortfall in EBITDA.

The above unfavourable factors were largely offset by the following:

- A $4.5 million decline in raw material costs resulting primarily from all wood-residue thermal power stations taking part in the U.S. federal government's new BCAP program, offering financial incentives to companies that collect and transform forest residues, such as for power generation. Boralex estimates that the program reduced supply costs by approximately $3.2 million for the first quarter of 2010. Raw material costs were also reduced by lower transportation costs following a drop in fuel prices and by a 9% improvement in the combustion rate due to a higher quality residue mix and lower moisture rate;
- A $2.6 million increase tied to higher REC sales and lower direct selling costs on those sales;
- A $0.2 million increase in capacity premiums, directly reflected in EBITDA; and
- A $0.2 million decrease in maintenance costs.

OUTLOOK

Boralex's management remains cautious as to the outlook in the wood-residue segment for the current year, as its results will depend largely on the strength of the expected economic recovery in the U.S. However, the recovery remains fragile for the time being and has yet to translate into a notable increase in electricity demand. The price of natural gas remains low, which keeps the price of the segment's electricity, indexed to that commodity, low as well. Finally, the high value of the Canadian dollar against its U.S. counterpart, if it persists, will continue to curtail segment results.

However, management expects market conditions to improve somewhat over the next few quarters, which should stabilize electricity selling prices. Yet, in the short term, selling prices are expected to remain relatively low. In 2010, the wood-residue segment cannot draw on the same advantages it did in 2009 under forward sales contracts and hedging mechanisms. The Corporation does, however, hold electricity contracts and swaps covering nearly 58% of anticipated output at its power stations for fiscal 2010. The power sales contract at the Fort Fairfield power station, containing better than market conditions, is in force until February 2011. The Corporation will continue its strategy of adjusting output at its wood-residue power stations to meet market conditions, thereby providing greater flexibility in managing costs. As a result, the Stacyville power station is expected to remain idle for an indefinite period.

Boralex's management expects REC prices to stabilize in fiscal 2010. As at April 14, 2010, Boralex had US$17.3 million ($17.6 million) in firm sales commitments for REC deliveries through December 31, 2012, covering approximately 53% of its potential output for the remainder of fiscal 2010. Despite current economic conditions, Boralex's management expects the REC market to be an attractive source of recurring revenues and profits for its wood-residue segment until 2020.

Furthermore, the shortfall arising from the end of the U.S. government's renewable energy tax credit program (if not renewed in the coming months under a proposal currently being studied by the U.S. Congress) will be partially offset by the financial benefits of the BCAP. Boralex currently expects this new U.S. federal government program to generate approximately US$6 million in wood-residue supply savings for 2010. On February 8, 2010, the United States Department of Agriculture ("USDA"), which manages the BCAP, undertook a review of its attribution rules. The new rules are expected to be effective in September 2010, at which time Boralex will reassess their impact on supply costs for the next few fiscal years.

Management is confident in the segment's longer term outlook. Under the global performance optimization program completed in 2009, the segment succeeded in reducing risk exposures, lowering costs, developing sources of recurring revenues and positioning itself proactively to capitalize on U.S. legislation that is increasingly favourable to the production of renewable energy.

NATURAL GAS COGENERATION POWER STATION

The following table shows major changes in revenues from energy sales and EBITDA for the quarters ended March 31, 2009 and 2010:

(in millions of dollars)	*Revenues from energy sales*	*EBITDA*
QUARTER ENDED MARCH 31, 2009	**7.2**	**1.5**
Pricing	(0.1)	(0.1)
Volume	0.1	-
CO_2 quota	-	(0.4)
Translation of self-sustaining subsidiaries	(0.8)	(0.2)
Natural gas prices	-	1.0
Other	(0.1)	0.2
QUARTER ENDED MARCH 31, 2010	**6.3**	**2.0**

OPERATING RESULTS

For this power station, apart from the adverse impact of the strengthening of the Canadian dollar relative to the euro curbing the power station's revenues and EBITDA by $0.8 million and $0.2 million, respectively, the highlight of the first quarter was the drop in the price of natural gas, the power station's fuel source, which had a significant favourable impact on profitability.

Revenues for the first quarter of 2010 totalled $6.3 million compared with $7.2 million for the same period of 2009, owing primarily to foreign currency movements. Excluding this item, revenues were relatively flat, as the decline in the average electricity selling price was offset by a 5.4% increase in the volume of steam sold.

EBITDA at the power station soared 33.3% (46.7% at constant exchange rates) to $2.0 million. The $1.0 million increase in profitability at the power station fuelled by the decrease in the price of natural gas and the non-recurrence in 2010 of $0.2 million in costs recorded in the first quarter of 2009 readily offset the $0.4 million decline in sales of its excess CO_2 quota, a lower average electricity selling price and foreign currency movements.

Since 2005, due to market conditions, the power station has operated its cogeneration equipment for the five-month winter period only, that is, from November 1 to March 31. This was the case in 2010 as well.

Note that in the first quarter of 2009, Boralex had granted its industrial client a discount of approximately $0.6 million.

The Blendecques natural gas power station is nonetheless a stable source of profits and cash flows for Boralex. One reason is that, despite the aforementioned discount, fluctuations in its selling prices are offset by opposite fluctuations in raw material costs.

ANALYSIS OF MAJOR CASH FLOWS FOR THE QUARTER ENDED MARCH 31, 2010

OPERATING ACTIVITIES

During the first quarter of fiscal 2010, Boralex reported $15.5 million or $0.41 per share in cash flows from operations compared with $15.3 million or $0.41 per share for the same quarter of 2009. This slight improvement resulted primarily from the increase in adjusted EBITDA for specific items, offset by the net change in non-cash items included in the calculation of net earnings. The change in non-cash working capital items generated $6.8 million in cash inflows compared with cash outflows of $1.0 million in the first quarter of the previous year. Apart from a $3.5 million decrease in accounts receivable and inventories resulting primarily from lower electricity and REC selling prices in the U.S., the cash inflows generated in the first quarter of 2010 stemmed from a $1.8 million increase in accounts payable and accrued liabilities since December 31, 2009 in connection with, in particular, transactions related to construction in progress in the wind power segment in Canada and Europe. As a result, operating activities in the first quarter of 2010 generated cash inflows totalling $22.3 million compared with $14.3 million in cash inflows for the same period of the previous year.

INVESTING ACTIVITIES

In the first quarter of 2010, Boralex made net investments totalling $112.3 million compared with $16.0 million for the same period in 2009. Main investments during the first quarter were as follows:

- $94.3 million in restricted cash pertaining exclusively to Phase II of the construction project at the Thames River site in Ontario received in connection with financing secured in March 2010;
- $16.2 million allocated to additions to property, plant and equipment related to various construction projects in progress in the wind power segment, consisting of $1.8 million for Phase II of the Thames River site in Canada and $14.4 million for wind power projects in France; and
- $4.5 million allocated to additions to property, plant and equipment for power stations in operation, consisting of $2.1 million earmarked for final payments related to the construction of the four wind farms already commissioned at the Thames River site, $1.0 million for the Cham Longe II wind farm in France and $1.0 million for wood-residue thermal power stations.

Conversely, Boralex received $1.0 million in repayments from wood-residue suppliers in respect of crushing equipment financed by the Corporation, $0.9 million in connection with the disposal of the Bel Air wind farm in France and $0.9 million representing the change in restricted funds, relating primarily to upgrades at the Ocean Falls power station.

FINANCING ACTIVITIES

Financing activities in the first quarter generated net cash flows of $124.7 million. The Corporation increased its long-term debt, net of financing fees, by $188.5 million and repaid $59.4 million in existing long-term debt, as well as $4.4 million in bank loans.

The major part of these transactions were carried out under the March 2010 agreement entered into with a consortium of Canadian life insurance companies to finance Phase II (50 MW) and refinance Phase I (40 MW) of the Thames River wind power site. Total financing amounts to $194.5 million, which represents approximately 76% of the total investment, including initial financing costs, interest payable during the construction period, working capital and contingencies. The loan is structured in two tranches, a $186 million term loan earmarked for construction costs and a $3.5 million revolving loan to cover unusual working capital needs. The increased financial leverage on Phase I of the project will allow Boralex to complete Phase II without adding any equity investment, and will free up an amount of $12.7 million. The loan is amortized over a 21-year period at a rate of 7% for the full term.

Boralex drew down $186.0 million under this new financing during the first quarter of 2010, and $7.3 million (€5.0 million) under its European credit facilities for the commissioning of the Cham Longe II wind farm and the development of the Chasse-Marée site. Boralex also repaid initial financing for Thames River in full, as well as an amount of $5 million on the balance of the purchase price of Ocean Falls, and continued to pay down its other loans on a regular basis.

Fluctuations in the C$/€ and the C$/US$ exchange rates also curtailed cash and cash equivalents by $6.1 million during the first quarter of 2010. Total changes in cash and cash equivalents described above generated total net cash flows of $28.6 million. As a result, cash and cash equivalents totalled $66.4 million as at March 31, 2010 compared with $37.8 million as at December 31, 2009. Note that approximately $20.0 million of cash and cash equivalents of $66.4 million is earmarked for costs incurred as at March 31, 2010 for the construction of the 50 MW Thames River II.

To sum up, in addition to maintaining its significant capacity to generate cash flows from operations and the continued prudent management of its investments and its capital structure, cash flows in the first quarter of fiscal 2010 reflect Boralex's success in securing financing and completing its projects, which attests to the quality of these projects. These strengths will continue to enhance the Corporation's financial health and flexibility, allowing it to achieve its strategic objectives in Europe and North America.

FINANCIAL POSITION AS AT MARCH 31, 2010

ASSETS

Changes in key balance sheet items between December 31, 2009 and March 31, 2010 primarily reflect investing and financing activities for the period, significant cash flows from operations, and the impact of fluctuations in the C$/US$ and C$/€ exchange rates.

As at March 31, 2010, Boralex reported total assets of $776.4 million compared with $663.8 million as at December 31, 2009. Current assets increased by $130.3 million due to the impact on cash and cash equivalents of cash flows from operations and the undrawn portion of the March 2010 financing. Long-lived assets remained relatively unchanged.

WORKING CAPITAL

As at March 31, 2010, Boralex's working capital amounted to $144.5 million with a ratio of 2.93:1, compared with $23.4 million and a ratio of 1.36:1 as at December 31, 2009. This variance is due to the unusually high level of cash and cash equivalents and restricted cash, which will return to more normal levels as the development of Phase II of the Thames River site proceeds and with the payment of accounts payable and accrued liabilities as at March 31, 2010.

TOTAL DEBT AND SHAREHOLDERS' EQUITY

As at March 31, 2010, the Corporation's total debt amounted to $347.4 million compared with $236.2 million as at December 31, 2009, due primarily to financing for the Thames River wind power facility described above, together with debt repayment for the period. However, the euro's weakening against the Canadian dollar resulted in a decrease in Boralex's long-term debt of approximately $14.4 million as at March 31, 2010 compared with December 31, 2009. In this regard, note that 73% of Boralex's long-term debt as at December 31, 2009 was in Europe. Following the development of its wind power segment in Canada, this proportion was reduced to 43% as at March 31, 2010.

Net of cash and cash equivalents and restricted cash, total net debt (excluding deferred financing costs) totalled $194.5 million as at March 31, 2010 compared with $210.7 million as at December 31, 2009.

Moreover, despite net earnings for the quarter, shareholders' equity decreased by $12.5 million, or 3.7%, between December 31, 2009 and March 31, 2010, from $340.0 million to $327.5 million. This decline is due to the adverse variance in *Accumulated other comprehensive income* ("AOCI") resulting from the weakening of the euro and the US dollar against the Canadian dollar and the change in the value of hedging instruments.

As a result, the total net debt to capitalization ratio (total net debt plus shareholders' equity) was 37.3% as at March 31, 2010, down from 38.3% as at December 31, 2009.

Based on Boralex's share price of $10.61 as at March 31, 2010, the net debt to enterprise value ratio was 32.7% as at that date compared with 36.5% as at December 31, 2009 when the share price stood at $9.70.

OUTLOOK

Boralex management expects the Corporation's operating results to grow in 2010, driven by the recent and ongoing expansion of the wind power segment. The outlook for Boralex's different operating segments for fiscal 2010 is discussed in detail under *Analysis of Segmented Results for the Quarter Ended March 31, 2010*. The outlook by segment as well as for the Corporation as a whole is summarized below.

WIND POWER SEGMENT

The installed capacity of the wind power segment will exceed 250 MW in December 2010; within a few months, it will be Boralex's largest operating segment. More specifically, in coming quarters, segment revenues and EBITDA will benefit from additional contributions by the following assets:

- The 40 MW Phase I of the Thames River facility in Canada, operating under the Advanced RESOP program – contribution during 11 months;
- Commissioning of 4.6 MW at the Cham Longe II wind farm in France – contribution during approximately 11 months;
- Commissioning of the new 9.2 MW Chasse-Marée wind farm in France – contribution during approximately six months;
- Commissioning of the 10 MW Le Grand Camp wind farm in France – contribution starting in the third quarter; and
- Commissioning of the 30 MW Ronchois wind farm in France – contribution starting also in the third quarter.

Also, the 50 MW Phase II of the Thames River facility will be completed by the end of fiscal 2010. All these new facilities benefit from long-term power sales contracts at an average selling price higher than Boralex's current average price. As a result, the portion of Boralex's installed capacity under long-term contracts with indexed selling prices will rise to 63% at the end of fiscal 2010 from 54% as at December 31, 2009. With the commissioning of the two Seigneurie de Beaupré wind farms in Québec in 2013, this will increase to more than 70%, ensuring Boralex a more stable source of revenues, earnings and cash flows, with higher added value.

In addition, the partnership entered into with Cube in December 2009 will be leveraged over the next three fiscal years to expand the Corporation's wind power operations in France and other European countries, including Italy, as well as to develop other renewable energy sources, primarily solar power.

HYDROELECTRIC SEGMENT

Hydroelectric segment performance in 2010 will undoubtedly be impacted by the strength of the Canadian dollar, although this factor will be mitigated by the gradual stabilization of selling prices on the Northeastern U.S. market and by the full contribution of the Ocean Falls (Canada) power station throughout 2010.

Boralex plans to grow its hydroelectric segment over the medium term, particularly in British Columbia.

WOOD-RESIDUE POWER SEGMENT

Despite persistently difficult market conditions, the segment's performance will be bolstered in 2010 as all of its power stations have qualified for the U.S. government's BCAP, a program that will generate savings of approximately US$6 million in raw material costs in coming quarters. Furthermore, management expects REC and electricity market selling prices to stabilize or even improve. As at April 14, 2010, Boralex had $17.6 million (US$17.3 million) in firm sales commitments for REC deliveries through December 31, 2012, covering 53% of potential output for the remainder of fiscal 2010.

However, the segment's performance in 2010 will be affected by three main adverse factors:

- Termination on December 31, 2009 of the U.S. renewable energy tax credits program, which contributed $13.9 million to segment EBITDA in 2009. However, the U.S. Congress is currently studying a proposal to renew this program for one year;
- Strengthening of the Canadian dollar against the US dollar in recent months; and
- Reduced benefits compared with 2009 from electricity forward sales and hedging mechanisms. However, Boralex has secured 58% of the segment's potential power output in 2010 at prices above current market levels.

NATURAL GAS THERMAL POWER STATION

Regardless of market conditions, this facility is a relatively stable source of profits and cash flows for Boralex, as fluctuations in its selling prices are offset by opposite fluctuations in its raw material costs, as experienced in 2009 and the first quarter of 2010.

SOLAR ENERGY

Boralex is currently working on the implementation of a solar energy generation facility in France.

In 2010, Boralex will move forward with the development of its first solar energy plant at the Avignonet-Lauragais wind farm it operates in southern France. New infrastructures with potential installed capacity of 4.6 MW should utilize photovoltaic technology panels and the electricity generated will be sold to Électricité de France under a 20-year contract. Boralex is currently in the process of finalizing the equipment supply contract and the related financing arrangements.

Boralex is convinced of the potential of solar energy, particularly in Europe, but also in Ontario, where this type of renewable power generation enjoys preferential sales rates. Furthermore, the economic downturn in 2008 and 2009 and the development of solar technologies have pushed the cost of solar technology equipment down over the past two years. For this reason, Boralex intends to capitalize on its strategic and financial partnership with Cube to replicate its success since 2002 in the European wind power segment. Projects representing a total of 40 MW in France are currently under consideration and market potential in Spain and Ontario (Canada) is also being assessed.

BORALEX'S INTEREST IN THE FUND

Fund performance will likely continue to face, among other factors, the effects of difficulties in the forest industry and the impact of the continued appreciation of the Canadian dollar against its U.S. counterpart. For this reason, on December 11, 2009, the Fund announced it was reducing distributions to unitholders from $0.70 per trust unit to $0.40 per trust unit on an annualized basis, starting with the distribution declared in January 2010 and paid in February 2010. The reduction will decrease cash flows to Boralex by $3.8 million in 2010. The reader is reminded that on May 3, 2010, the Corporation publicly announced that it had entered into a definitive support agreement, pursuant to which Boralex has offered to acquire all of the issued and outstanding units in the capital of the Fund.

MEDIUM-TERM OBJECTIVE: OPERATE CONTRACTED CAPACITY OF 1,000 MW

Boralex will close fiscal 2010 will an installed capacity of nearly 510 MW, of which close to 63% is under indexed long-term sales contracts. With the commissioning of the Seigneurie de Beaupré wind farms in 2013, installed capacity will exceed 650 MW, of which over 70% is contracted.

The Corporation remains focused on its medium-term objective of building, alone or with partners, a renewable energy production asset base of 1,000 MW under long-term contracts. The cornerstone of this expansion will be the wind power segment, although Boralex also intends to grow its hydroelectric segment in Canada and to establish itself in the solar segment in Europe.

For this reason, while it is focused on the optimal execution of its current wind power segment projects, Boralex is already working on researching and setting up projects that will assure its growth after 2013, when the Seigneurie de Beaupré wind farms are commissioned. In particular, the recent world economic and financial crisis may lead some energy asset developers or operators to decide to sell a portion of their assets to finance other operations. As it recently did in France, the Corporation intends to capitalize on development project acquisition opportunities for which long-term power sales contracts and financing arrangements are already in place and/or where energy assets are already operational, both in Canada and in Europe.

Furthermore, declines in oil prices, prime rates and equipment prices, including wind generators, in recent quarters are beneficial to the operating profitability of certain power stations and to the Corporation's future development costs.

To sum up, **Boralex will continue, as always, to be financially rigorous and disciplined in investment projects and asset management in order to maximize the operating earnings generated by its power stations and its cash flows from operations. It will also continue to prudently capitalize on opportunities that arise in its fields of expertise, while keeping abreast of new technologies.**

CAPITAL STOCK INFORMATION

As at March 31, 2010, Boralex's capital stock consisted of 37,740,921 Class A shares issued and outstanding, unchanged from December 31, 2009. There were 1,337,610 stock options outstanding as at March 31, 2010, of which 755,578 were exercisable.

Between March 31, 2010 and May 10, 2010, no new shares were issued on exercise of stock options and no shares were repurchased in the normal course of business.

FINANCIAL INSTRUMENTS

MARKET RISK

As at March 31, 2010, the Corporation had entered into two electricity price financial swaps for total deliveries of 332,400 MWh over periods of 9 to 11 months. All financial electricity swaps as at March 31, 2010 were designated as hedges of future variable cash flows related to future deliveries of electricity, and their favourable fair value amounted to $9.7 million (US$9.6 million). These contracts qualify for hedge accounting.

INTEREST RATE RISK

The Corporation carries long-term debts bearing interest at variable rates. As at March 31, 2010, approximately 39% of long-term debt issued bore interest at variable rates. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps, its exposure to interest rate fluctuations is reduced to only 5% of total debt. As at March 31, 2010, the nominal balance of these swaps stood at $128.7 million (€93.7 million) while their unfavourable fair value was $9.2 million (€6.7 million).

The Corporation does not plan to sell these instruments, since they were entered into to reduce the Corporation's risk related to interest rate fluctuations. Therefore, the fact that fair value is unfavourable only indicates that forward interest rates have fallen, and has no bearing on the effectiveness of the instrument as part of the Corporation's risk management strategy.

In connection with the refinancing of Phase I of the Thames River site as well as the financing of Phase II development, both concluded in March 2010, the Corporation had entered into interest rate forward contracts (treasury locks) in December 2009 and January 2010 to offset changes in the expected proceeds of the future issue of this fixed rate debt arising from fluctuations in interest rates. These contracts expired on March 10, 2010, with an unfavourable fair value of $0.7 million as at that date. As hedge accounting was used for these forward contracts, an amount of $0.7 million corresponding to the effective portion of changes in fair value of these forward contracts was debited to *Other comprehensive income* on the financing date. This amount is then gradually reclassified to net earnings as an adjustment to the interest expense on the debt using the effective interest rate method of amortization. The interest expense therefore reflects the average interest rate of the hedging instruments adjusted for the corresponding credit facility.

FOREIGN EXCHANGE RISK

In the normal course of business, the Corporation is not significantly exposed to currency fluctuations because its foreign operations are self-sustaining and it generally retains liquid assets in the country in which they are generated to continue developing such foreign operations in their country of origin. The Corporation is exposed, however, to a foreign exchange risk relating to certain transactions entered into in foreign currencies. Specifically, a proportion of the raw materials used in the Corporation's wood-residue power stations in the United States is purchased with Canadian dollars. In this regard, in fiscal 2009, the Corporation entered into forward contracts to sell US$0.2 million each for Canadian dollars with bi-weekly settlements at a weighted average rate of 1.1254 Canadian dollars for one US dollar up to February 17, 2011 to partially hedge purchases in Canadian dollars at its Fort Fairfield power station in the United States. The Corporation uses hedge accounting for these contracts such that the effective portion of gains and losses resulting from changes in fair value of these forward contracts is recognized in *Other comprehensive income*. Amounts are accumulated under *Other comprehensive income* until the hedged item is realized, namely the purchases of wood residue in Canadian dollars, at which date the amounts are transferred to net earnings by adjusting the carrying amount of purchases made in Canadian dollars during the period. As at March 31, 2010, a $0.5 million gain before tax was recognized in *Other comprehensive income*. Except for raw material purchases in Canadian dollars by U.S. power stations, the majority of other operating, investing and financing transactions are carried out in the power stations' local currencies.

Given that the Corporation is not significantly exposed to foreign exchange risk in its regular operating activities, its foreign exchange risk management focuses rather on protecting returns on its development projects. Where firm commitments are made in connection with a project requiring future cash outlays in a foreign currency, the Corporation enters into hedging transactions to mitigate the risk of fluctuations in that currency.

With regard to the Ontario Thames River wind power site, the turbine supplier is European, which means that purchases will be settled partly in euros, whereas the operation of these wind farms will generate cash flows in Canadian dollars. To protect the expected project return, the Corporation entered into forward contracts between 2008 and March 31, 2010, setting exchange rates of approximately C$1.4702 and C$1.5010 per euro on all Phase I and Phase II turbine purchases, respectively. Hedge accounting was used for these contracts, all of which expired before March 31, 2010. Accordingly, during the first quarter of 2010, a total amount of $1.2 million in respect of Phase I and Phase II was transferred from *Other comprehensive income* and added to the purchase cost of turbines for the period. Following the settlement of the forward contracts, the Corporation holds a cash amount €31.1 million. This amount will be used for future purchases of turbines in euros for Phase II, scheduled for the end of 2010. Hedge accounting was also used for this amount in euros following the settlement of the forward contracts and a total amount of $4.2 million was debited to *Other comprehensive income* as at March 31, 2010 in respect of the expected purchase of these turbines.

Last, during the first quarter of 2010, the Corporation also entered into a forward contract to set an exchange rate of approximately C$1.4384 per euro for an expected €5.0 million outlay in 2010 for turbine purchases at the Seigneurie site for which the supplier is also European. Hedge accounting was used for this foreign exchange contract with gains and losses resulting from the change in fair value of the effective portion of the hedging item included under *Other comprehensive income* until the date of purchase of the underlying capital assets. Their purchase cost is then adjusted for such amount. As at March 31, 2010, a $0.3 million debit amount was recognized in *Other comprehensive income* in this respect.

RELATED PARTY TRANSACTIONS

In addition to holding 23.3% of the Fund's trust units, and through one of its wholly-owned subsidiaries, the Corporation is linked to the Fund under long-term management and administration contracts. During the first quarter of 2010, these management and administration agreements generated $1.8 million ($1.4 million in 2009), while its share of the Fund's results amounted to a loss of $1.5 million (income of $2.3 million in 2009). Lastly, Boralex received Fund distributions totalling $1.7 million ($2.4 million in 2009).

One of Boralex's power stations in France supplies steam to a French division of Cascades Inc., which has significant influence over Boralex since it holds 34% of the Corporation's share capital. For the first quarter of 2010, revenues from this division totalled $2.6 million ($2.7 million in 2009).

The Corporation also entered into a management agreement with an entity controlled by Bernard Lemaire, one of Boralex's directors and officers, and his family. For the first quarter of 2010, revenues from this agreement totalled $0.1 million ($0.1 million in 2009).

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies are discussed in the MD&A section of the Corporation's 2009 annual report. Further, with respect to wind power projects in Ontario (Canada) and in France, the Corporation signed new equipment purchase agreements during the first quarter of 2010. The total cost of commitments is $144.2 million (€74.1 million and $38.1 million) as at March 31, 2010 ($127.8 million as at December 31, 2009). Disbursements will take place mostly in 2010. A portion of the amount payable in euros was partially covered by foreign exchange forward contracts.

RISK FACTORS AND UNCERTAINTIES

Boralex has not observed any significant changes regarding the risks and uncertainties to which it is subject, and which are discussed under *Outlook* and *Risk Factors and Uncertainties* in the MD&A section of the annual report for the year ended December 31, 2009.

USE OF ESTIMATES AND MEASUREMENT OF UNCERTAINTY

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments, as they become necessary, are recorded in the period in which they become known.

The key estimates used by the Corporation relate mainly to the assumptions made with respect to the impairment tests of long-lived assets and the recoverability of renewable energy tax credits. The key assumptions are: the future price of electricity and its associated products, the price of other energy sources, particularly those of oil and natural gas, the future costs of wood-residue procurement and the remaining useful life of the energy producing assets, considering planned maintenance over the period.

On a three-year horizon, there exists some liquidity in the electricity open market, making it possible to project the future realization price curve. Beyond that horizon, prices can be negotiated, but often at a significant discount in light of a lack of liquidity in that market. Therefore, the assumption used for pricing beyond the third year consists in adding a reasonable inflation rate to the third year price. Assumptions related to the other sources of energy are made using a similar method since there is a correlation between their price and that of electricity.

With regard to wood-residue costs, this raw material is not traded in an organized open market. Purchases are made based on specific agreements negotiated with each supplier. As most agreements are renewable annually, prices are subject to change. The assumption regarding wood-residue costs is based on the following year's negotiated contract prices, adjusted for the estimated Consumer Price Index ("CPI") in subsequent years, according to the various subsidies or other programs that may be offered for this type of activity.

Finally, the remaining useful life of the assets will vary with the amount of maintenance work realized each year. When the power stations are sufficiently well maintained, their useful life can be very long and limited only by changes in technology which could make their production method less competitive. Consequently, the forecasts consider sufficient maintenance expenses to ensure that the useful life of the power stations will be, at a minimum, as long as the forecast period.

As described in note 15 to the interim consolidated financial statements as at March 31, 2010, Boralex has publicly announced that it has entered into a definitive support agreement, pursuant to which it has offered to acquire all of the issued and outstanding units in the capital of the Fund. In the event the transaction is not completed, the Corporation would reassess its strategic alternatives with respect to its investment in the Fund.

CHANGES IN ACCOUNTING POLICIES

FUTURE CHANGES IN ACCOUNTING POLICIES

BUSINESS COMBINATIONS, CONSOLIDATED FINANCIAL STATEMENTS AND NON-CONTROLLING INTERESTS

In January 2009, the CICA issued three new accounting standards: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements,* and Section 1602, *Non-controlling Interests*. These new standards will be effective for financial statements for fiscal years beginning on or after January 1, 2011 but early adoption is permitted. The Corporation is currently assessing the requirements of these new standards.

Section 1582 replaces former Section 1581, *Business Combinations*, and establishes standards for the accounting of business combinations. The Section establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Section is the Canadian equivalent of International Financial Reporting Standard IFRS 3, *Business Combinations,* and applies prospectively to business combinations for which the acquisition date occurs at the beginning of the first annual fiscal year beginning on or after January 1, 2011.

Sections 1601 and 1602 supersede former Section 1600, *Consolidated Financial Statements.* Section 1601 establishes the standards for the preparation of consolidated financial statements. It applies to interim and annual consolidated financial statements beginning on or after January 1, 2011. Section 1602 establishes standards for the accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. This Section is the equivalent of International Accounting Standard IAS 27, *Consolidated and Separate Financial Statements*, and is effective for interim and annual consolidated financial statements for years beginning on or after January 1, 2011.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

For fiscal years beginning on or after January 1, 2011, public Canadian companies are required to prepare their financial statements in accordance with IFRS. Although IFRS use a conceptual framework similar to GAAP there are significant differences in accounting policies that must be assessed. IFRS require more disclosures than Canadian GAAP. The financial statements published by Boralex during the first quarter of 2011 will comply with IFRS and contain comparatives for 2010.

As discussed in detail in the 2009 annual report, the Corporation has established its conversion plan, including phases and timetables, for the conversion of its consolidated financial statements to IFRS, and has also set up and trained its project team and formally developed a project structure. A steering committee comprised of members of senior management and the Chairman of the Audit Committee will approve accounting policy choices recommended by the project team and ensure that IT, contractual, internal control and other adjustments are made. The external auditors will review the choices made by management, and the Corporation's Audit Committee will ensure that management fulfills its responsibilities and achieves a successful IFRS conversion. Project status is reported to the Audit Committee every quarter.

Boralex retains the services of an external consulting firm for assistance with each phase of its conversion plan.

IFRS CONVERSION PLAN STATUS

The Fund's IFRS conversion plan is currently on schedule. The conversion plan has three main phases: (i) preliminary diagnostic review and scoping; (ii) analysis and design and (iii) implementation and disclosures. The Corporation has completed the first phase and the major differences in accounting and disclosures between GAAP and IFRS have been identified. The second phase, which consists in performing a detailed review of the impacts of the identified differences and recommending accounting policy choices, is well underway, and is expected to be completed by the end of July 2010. Completion of a draft opening balance sheet, prepared under IFRS at the date of transition, which will include these differences, is scheduled for the beginning of the third quarter of 2010.

MAJOR DIFFERENCES BETWEEN IFRS AND CURRENT ACCOUNTING STANDARDS

The table below provides a non-exhaustive summary of the changes required to the Corporation's current accounting standards, taking into account conversion plan status:

STANDARD	DIFFERENCES BETWEEN IFRS AND GAAP	PRELIMINARY CONCLUSIONS
Property, plant and equipment	**IFRS:** Following their initial recognition, the Corporation may use the cost model or the revaluation model to account for its property, plant and equipment. **GAAP:** The revaluation model is not permitted.	To avoid changes in the fair value of property, plant and equipment in the balance sheet and the corresponding impacts on the statement of earnings, the Corporation expects to continue using the cost model.
	IFRS: Property, plant and equipment items must be depreciated by component and each component must be depreciated over its useful life. **GAAP:** Component identification rules are less stringent.	New components will be identified and depreciated separately.
Property, plant and equipment and intangible assets	**IFRS:** Three depreciation methods are allowed under IFRS, namely the straight-line method, the diminishing balance method and the units of production method. **GAAP:** In addition to these methods, GAAP allows an enterprise to use an increasing charge method when it can price its goods or services so as to obtain a constant rate of return on the investment in the asset.	IFRS does not recommend the use of a 3% compound interest rate to depreciate power stations with indexed long-term power sales contracts. Boralex expects to use straight-line depreciation for its power stations in the future. The depreciation expense will change.
Impairment of assets	**IFRS:** IAS 36, *Impairment of Assets*, uses a one-step approach to identify asset impairments, with asset carrying values being compared to the higher of value in use (determined using discounted future cash flows) and fair value less costs to sell. Moreover, according to this standard, previous impairment losses may be reversed under certain circumstances. **GAAP:** GAAP requires a two-step approach for impairment tests. The first step consists in comparing the carrying values of assets and undiscounted future cash flows to assess whether there is an indication of impairment and the second step consists in measuring any impairment by comparing the carrying values of assets to their fair values. Under GAAP, previously recognized impairment values may not be reversed.	This difference in methods might result in the impairment of assets for which the carrying values were previously supported by undiscounted cash flows under GAAP but which may not be on a discounted cash flow basis. At this time, the Corporation cannot quantify the impact, if any, of this difference.
Share-based payment	**IFRS:** When stock option awards vest gradually, each tranche is to be considered as a separate award. **GAAP:** The gradually vested tranches could be considered as a single award.	The compensation expense will have to be recognized over the expected term of each vested tranche. It will be different, but the impact should not be material.

The tables above do not include preliminary conclusions of other analyses that are currently underway or that will be performed soon. Any accounting choices made or differences identified will be disclosed once the analyses are completed.

MAIN EXEMPTIONS POSSIBLE UNDER IFRS 1, *FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS*

IFRS 1 generally requires new adopters to apply IFRS retrospectively to all the periods reported in their first IFRS financial statements. However, IFRS 1 provides for certain elective exemptions to full retrospective application. The main elective exemptions the Corporation expects to apply are discussed in the following table:

ELECTIVE EXEMPTIONS	PRELIMINARY CONCLUSIONS
Business combinations	This exemption allows an entity not to restate retrospectively any business combinations occurring prior to the transition date. Boralex expects that it will elect not to restate retrospectively any business combinations occurring before January 1, 2010.
Cumulative translation differences included under *Accumulated other comprehensive income*	Retrospective application of IFRS would require us to determine the amount of cumulative translation differences in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, from the date at which a subsidiary or an entity subject to significant influence was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS. Boralex expects that it will elect to reset to zero all translation gains and losses in the opening balance of retained earnings at the date of transition.
Fair value as deemed cost	IFRS allows an entity to measure each of its property, plant and equipment items using the fair value method and designate fair value as deemed cost as at the transition date. An entity may also elect to recalculate original cost and amortization terms previously determined under Canadian GAAP retrospectively in accordance with IAS 16, *Property, Plant and Equipment*. Boralex expects to continue recording property, plant and equipment at cost and will not restate property, plant and equipment to fair value under IFRS.

As part of its IFRS conversion plan, Boralex is currently preparing a preliminary IFRS financial statement format in accordance with IAS 1, *Presentation of Financial Statements*, and is in the process of analyzing the contractual impacts of new accounting policy choices on its financing agreements and similar obligations. The impacts on information and disclosure systems as well as internal control are also under review. The Corporation does not expect any major changes to be required during the transition.

At this time, the quantitative impact of these differences and elections on our future financial position and results of operations cannot be reasonably determined or estimated.

INTERNAL CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, disclosure controls and procedures have been designed to provide reasonable assurance that the information that must be presented in Boralex's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of December 31, 2009 as well as the effectiveness of Boralex's internal control over financial reporting as of the same date and have concluded that they are adequate and effective.

During the first quarter of 2010, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

ADDITIONAL INFORMATION

Additional information about the Corporation, including its previous annual reports, annual information form, interim reports and press releases, is available on the SEDAR website (www.sedar.com).

Consolidated Balance Sheets

(in thousands of dollars) (unaudited)	Note	AS AT MARCH 31, 2010	AS AT DECEMBER 31, 2009
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**66,388**	37,821
Restricted cash		**94,287**	-
Accounts receivable		**37,238**	39,632
Future income taxes		**471**	422
Inventories		**7,633**	8,726
Prepaid expenses		**3,216**	2,537
Fair value of derivative financial instruments	8	**10,226**	-
		219,459	89,138
Investment	13	**52,121**	55,446
Property, plant and equipment	4	**414,112**	413,539
Power sales contracts	5	**46,238**	49,023
Other assets	6	**44,486**	56,621
		776,416	663,767
LIABILITIES			
CURRENT LIABILITIES			
Bank loans and advances	7	**7,794**	12,291
Accounts payable and accrued liabilities		**46,661**	28,913
Income taxes		**2,338**	283
Current portion of long-term debt	7	**18,121**	24,273
		74,914	65,760
Long-term debt	7	**321,571**	206,116
Future income taxes		**35,650**	37,185
Fair value of derivative financial instruments	8	**9,523**	7,645
Non-controlling interests		**7,299**	7,031
		448,957	323,737
SHAREHOLDERS' EQUITY			
Capital stock		**222,694**	222,694
Contributed surplus		**4,617**	4,295
Retained earnings		**161,248**	159,900
Accumulated other comprehensive loss	9	**(61,100)**	(46,859)
		327,459	340,030
		776,416	663,767

See accompanying notes.

Consolidated Statements of Earnings

(in thousands of dollars, except per share amounts and number of shares) (unaudited)	Note	FOR THE QUARTERS ENDED MARCH 31, 2010	2009
Revenues from energy sales		**51,004**	57,198
Renewable energy tax credits		**-**	3,488
Operating costs		**28,496**	39,653
		22,508	21,033
Share in earnings of the Fund		**(1,461)**	2,303
Management revenues from the Fund		**1,755**	1,380
Other income		**300**	1,504
		23,102	26,220
OTHER EXPENSES			
Management and operation of the Fund		**1,505**	1,129
Administrative		**3,965**	4,139
		5,470	5,268
OPERATING INCOME BEFORE AMORTIZATION		**17,632**	20,952
Amortization		**7,699**	6,465
Foreign exchange loss (gain)		**876**	(43)
Net gain on financial instruments		**(560)**	(115)
Financing costs		**5,762**	3,418
Gain on sale of subsidiary	10	**(774)**	-
		13,003	9,725
EARNINGS BEFORE INCOME TAXES		**4,629**	11,227
Income taxes		**3,001**	3,956
		1,628	7,271
Non-controlling interests		**(280)**	(59)
NET EARNINGS		**1,348**	7,212
Net earnings per Class A share (basic)		**0.04**	0.19
Net earnings per Class A share (diluted)		**0.04**	0.19
Weighted average number of Class A shares outstanding (basic)		**37,740,921**	37,740,921

See accompanying notes.

Consolidated Statements of Retained Earnings

(in thousands of dollars) (unaudited)	FOR THE QUARTERS ENDED MARCH 31, 2010	2009
Balance – beginning of period	**159,900**	135,461
Net earnings for the period	**1,348**	7,212
Balance – end of period	**161,248**	142,673

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)

(in thousands of dollars) (unaudited)	Note	FOR THE QUARTERS ENDED MARCH 31, 2010	2009
Net earnings for the period		**1,348**	7,212
Other comprehensive income (loss)	9		
TRANSLATION ADJUSTMENTS			
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations		**(9,300)**	4,751
Reclassification to net earnings of a realized foreign exchange loss (gain) related to the reduction of net investment in self-sustaining foreign operations		**422**	(65)
Share of cumulative translation adjustments of the Fund		**(478)**	539
Taxes		**6**	(127)
CASH FLOW HEDGES			
Change in fair value of financial instruments		**(5,595)**	6,726
Hedging items realized and recognized in net earnings		**(1,219)**	(6,677)
Hedging items realized and recognized in balance sheet		**1,146**	(1,097)
Taxes		**777**	(42)
		(14,241)	4,008
Comprehensive income (loss) for the period		**(12,893)**	11,220

See accompanying notes.

Consolidated Statements of Cash Flows

(in thousands of dollars) (unaudited)	Note	FOR THE QUARTERS ENDED MARCH 31, 2010	2009
OPERATING ACTIVITIES			
Net earnings		**1,348**	7,212
Distributions received from the Fund		**1,721**	2,409
Adjustments for non-cash items			
Net gain on financial instruments		**(560)**	(115)
Share of earnings of the Fund		**1,461**	(2,303)
Amortization		**7,699**	6,465
Amortization of financing costs and monetization program expenses	7	**2,918**	772
Renewable energy tax credits		**907**	(867)
Gain on sale of subsidiary	10	**(774)**	-
Future income taxes		**51**	2,143
Other		**761**	(395)
		15,532	15,321
Change in non-cash working capital items		**6,766**	(1,040)
		22,298	14,281
INVESTING ACTIVITIES			
Additions to property, plant and equipment—projects under construction		**(16,188)**	(5,233)
Additions to property, plant and equipment—power stations in operation		**(4,520)**	(1,530)
Change in restricted cash		**(94,287)**	-
Proceeds from sale of a subsidiary	10	**878**	-
Change in restricted funds		**857**	(21)
Development projects		**(45)**	(5,885)
Other		**958**	(3,324)
		(112,347)	(15,993)
FINANCING ACTIVITIES			
Increase (decrease) in bank loans and advances		**(4,427)**	3,689
Increase in long-term debt		**188,549**	-
Payments on long-term debt		**(59,417)**	(6,691)
		124,705	(3,002)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		**(6,089)**	(2,090)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**28,567**	(6,804)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		**37,821**	69,195
CASH AND CASH EQUIVALENTS – END OF PERIOD		**66,388**	62,391
SUPPLEMENTAL INFORMATION			
CASH AND CASH EQUIVALENTS PAID FOR:			
Interest		**2,937**	2,116
Income taxes		**220**	269

See accompanying notes.

Notes to Interim Consolidated Financial Statements

As at March 31, 2010
(Tabular amounts are in thousands of dollars, unless otherwise specified.) (unaudited)

Note 1.
ACCOUNTING POLICIES

These unaudited interim consolidated financial statements and accompanying notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the exception that they do not comply, in all material respects, with the requirements of GAAP for annual financial statements.

The unaudited interim consolidated financial statements have been prepared in accordance with the same accounting policies as those used in the latest audited consolidated financial statements. The unaudited interim consolidated financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements of Boralex Inc. ("Boralex" or the "Corporation") for the fiscal year ended December 31, 2009.

Note 2.
CHANGES IN ACCOUNTING POLICIES

FUTURE CHANGES IN ACCOUNTING POLICIES

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued three new accounting standards: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. These new standards will be effective for financial statements for fiscal years beginning on or after January 1, 2011 but early adoption is permitted. The Corporation is currently assessing the requirements of these new standards.

Section 1582 replaces former Section 1581, *Business Combinations*, and establishes standards for the accounting of business combinations. The Section establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Section is the Canadian equivalent of International Financial Reporting Standard IFRS 3, *Business Combinations,* and applies prospectively to business combinations for which the acquisition date occurs at the beginning of the first annual fiscal year beginning on or after January 1, 2011.

Sections 1601 and 1602 supersede former Section 1600, *Consolidated Financial Statements*. Section 1601 establishes the standards for the preparation of consolidated financial statements. It applies to interim and annual consolidated financial statements beginning on or after January 1, 2011. Section 1602 establishes standards for the accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. This Section is the equivalent of International Accounting Standard IAS 27, *Consolidated and Separate Financial Statements*, and is effective for interim and annual consolidated financial statements for years beginning on or after January 1, 2011.

Note 3.
USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments, as they become necessary, are recorded in the period in which they become known.

The key estimates used by the Corporation relate mainly to the assumptions made with respect to the impairment tests of long-lived assets and the recoverability of renewable energy tax credits. The key assumptions are: the future price of electricity and its associated products, the price of other energy sources, particularly those of oil and natural gas, the future costs of wood-residue procurement and the remaining useful life of the energy producing assets, considering planned maintenance over the period.

Over a three-year horizon, there is some liquidity in the electricity market, making it possible to establish forward selling price curves. Beyond that horizon, prices can be negotiated, but often at a significant discount in light of a lack of liquidity in that market. Therefore, the assumption used for pricing beyond the third year consists in adding a reasonable inflation rate to the third year price. Assumptions related to the other sources of energy are made using a similar method since there is a correlation between their price and that of electricity.

Note 3. Use of estimates and measurement uncertainty (Cont'd)

With regard to wood-residue costs, this raw material is not traded in an organized open market. Purchases are made based on specific agreements negotiated with each supplier. As most agreements are renewable annually, prices are subject to change. The assumption regarding wood-residue costs is based on the following year's negotiated contract prices, adjusted for the estimated Consumer Price Index ("CPI") in subsequent years.

Finally, the remaining useful life of the assets will vary with the amount of maintenance work realized each year. When the power stations are sufficiently well maintained, their useful life can be very long and limited only by changes in technology which could make their production method less competitive. Consequently, the forecasts consider sufficient maintenance expenses to ensure that the power stations' life will last, at a minimum, as long as the forecast period.

As described in note 15, the Corporation has publicly announced that it has entered into a definitive support agreement, pursuant to which Boralex has offered to acquire all of the issued and outstanding units in the capital of the Fund. In the event the transaction is not completed, the Corporation would reassess its strategic alternatives with respect to its investment in the Fund.

Note 4.
PROPERTY, PLANT AND EQUIPMENT

			AS AT MARCH 31, 2010
	Cost	*Accumulated amortization*	*Net amount*
Wind farms	**341,286**	**47,607**	**293,679**
Hydroelectric power stations	**29,609**	**4,221**	**25,388**
Wood-residue thermal power stations	**129,592**	**48,155**	**81,437**
Natural gas thermal power station	**14,426**	**8,133**	**6,293**
Corporate and other	**10,277**	**2,962**	**7,315**
	525,190	**111,078**	**414,112**

			AS AT DECEMBER 31, 2009
	Cost	*Accumulated amortization*	*Net amount*
Wind farms	338,723	50,498	288,225
Hydroelectric power stations	29,759	4,001	25,758
Wood-residue thermal power stations	132,440	47,780	84,660
Natural gas thermal power station	15,749	8,599	7,150
Corporate and other	10,566	2,820	7,746
	527,237	113,698	413,539

Amortization of property, plant and equipment for the quarter ended March 31, 2010 amounted to $7,090,000 ($6,030,000 for the quarter ended March 31, 2009), including $478,000 relating to capital leases ($576,000 in 2009). Those amounts are presented under *Amortization*. Cost and accumulated amortization of assets under capital leases as at March 31, 2010 totalled $29,425,000 and $14,395,000, respectively, ($32,130,000 and $15,168,000 as at December 31, 2009).

Assets include replacement parts amounting to $2,407,000 ($2,502,000 as at December 31, 2009) and power stations under construction amounting to $67,178,000 ($91,327,000 as at December 31, 2009). These assets are not amortized until site commissioning.

As at March 31, 2010, $4,677,000 in interest was capitalized to the cost of property, plant and equipment ($4,393,000 as at December 31, 2009).

Note 5.
POWER SALES CONTRACTS

	AS AT MARCH 31, 2010	AS AT DECEMBER 31, 2009
Cost	**52,518**	55,250
Accumulated amortization	**6,280**	6,227
	46,238	49,023

Amortization of long-term power sales contracts amounted to $530,000 for the quarter ended March 31, 2010 ($437,000 for the quarter ended March 31, 2009) and is included in *Amortization*.

Note 6.
OTHER ASSETS

	Note	AS AT MARCH 31, 2010	AS AT DECEMBER 31, 2009
Renewable energy tax credits	a)	**17,558**	19,022
Restricted funds and other funds held in trust	b)	**1,657**	2,647
Net investments in finance leases	c)	**13,823**	15,146
Fair value of derivative financial instruments	8	**-**	7,297
CO_2 quota		**350**	382
Projects under development	d)	**6,972**	7,863
Other intangible assets	e)	**4,126**	4,264
		44,486	56,621

Amortization of other intangible assets amounted to $78,000 for the quarter ended March 31, 2010 (nil in 2009). Those amounts are presented under *Amortization*.

Notes:

a) Renewable energy tax credits represent tax credits earned by the Corporation before it set up the monetization program, as well as tax credits attributable to subsequently acquired power stations that are not part of the monetization program. Tax credits earned will be used against future income taxes. Financial projections indicate that the amount recorded may be realized in the next five to six years.

b) Restricted funds for long-term debt servicing guarantee financings in France and represent three to six months of debt servicing, depending on the project. These funds amount to $1,607,000 (€1,170,000).

c) Finance leases for equipment used in the wood-residue segment are entered into with U.S. and Canadian suppliers. As at March 31, 2010, foreign currency receivables from U.S. and Canadian suppliers amounted to $12,262,000 (US$12,074,000) and $1,561,000, respectively.

d) Development projects primarily consist of one wind power project in Ontario, one wind power project in Québec, one solar power project in Spain and one wind power project in Italy.

e) *Other intangible assets* consist mainly of the value assigned to water rights held by the Ocean Falls power station ($3,064,000) and licences and rights held by the Forces Motrices Saint-François power station ($997,000).

Note 7.
LONG-TERM DEBT

Long-term debt includes the following:

	Note	*Maturity*	*Rate* [1]	**AS AT MARCH 31, 2010**	AS AT DECEMBER 31, 2009
Master agreement – wind power projects (France)	a)	2017-2022	4.92	**130,434**	140,327
Term loan payable – Nibas wind farm	b)	2016	5.00	**8,684**	9,790
Term loan payable – Stratton power station	c)	2010	2.25	**1,723**	1,985
Capital leases (France)	d)	2012-2015	5.25	**9,109**	10,585
Term loan payable – Ocean Falls power station	e)	2011	6.00	**9,000**	14,000
Term loan payable – Thames River wind farms	f)	2014	7.05	**186,000**	47,700
Term loan payable – Bel Air wind farm	10	–	–	**–**	8,986
Other debts		–	–	**2,473**	2,814
				347,423	236,187
Current portion				**(18,121)**	(24,273)
Financing costs, net of accumulated amortization				**(7,731)**	(5,798)
				321,571	206,116

[1] Weighted average annual rates, adjusted to reflect the impact of interest rate swaps.

a) This master agreement includes a maximum senior credit facility of €250,000,000 and a maximum junior credit facility of €15,000,000. The amounts can be drawn down until December 31, 2010 subject to certain suspensive conditions. As of March 31, 2010, €113,850,000 ($156,396,000) (€108,850,000 as at December 31, 2009) had been drawn down and the Corporation had an unused balance of €151,150,000 ($207,635,000). To cover potential temporary working capital requirements for debt servicing, the lenders also granted two lines of credit for $12,366,000 (€9,002,000) and $1,363,000 (€992,000), respectively. Financing issued under the master agreement is secured by the projects' assets. However, the junior facility is subordinated to the senior facility. The variable interest rate is based on the EURIBOR rate, plus a margin, but the Corporation used interest rate swaps to reduce its exposure to rate fluctuations as discussed below. Repayments are made on a semi-annual basis. The balance payable as at March 31, 2010 is €94,950,000 ($130,434,000).

As at March 31, 2010, the following funds were available under the master credit agreement:

(in thousands of euros)	*Credit limits*	*Amounts drawn*	*Available*
Senior credit	250,000	106,800	143,200
Junior credit	15,000	7,050	7,950
	265,000	113,850	151,150

b) This loan payable bears interest at a fixed rate of 5.00% and repayments are semi-annual. As at March 31, 2010, the balance stood at €6,322,000 (€6,527,000 as at December 31, 2009). All Nibas wind farm assets were pledged as collateral for this loan.

c) This loan payable bears interest at a variable rate based on U.S. prime rates or money market rates, plus a margin. The loan, which matures on July 31, 2010, is repayable in quarterly instalments. As at March 31, 2010, the balance stood at US$1,696,000 (US$1,896,000 as at December 31, 2009). All assets of the Stratton power station were pledged as collateral.

d) The capital leases relate to assets located in France. The balance of the leases as at March 31, 2010 was €6,630,000 (€7,056,000 as at December 31, 2009). The leases bear interest at fixed and variable rates and are repayable on a quarterly basis. The net carrying value of associated capital assets was €10,941,000 ($15,030,000) as at March 31, 2010 (€11,309,000 as at December 31, 2009).

e) This loan represents the balance of the purchase price of the Ocean Falls power station and bears interest at a fixed rate of 6.00% per annum. A payment of $5,000,000 was made on March 31, 2010 with the balance of $9,000,000 payable on April 1, 2011. Under the terms of the arrangement, if Boralex arranges financing for the project before April 1, 2011, the net proceeds of that financing, up to the balance of the purchase price, are payable to the seller.

f) On March 15, 2010, Boralex finalized a new financing arrangement for its Thames River wind farm project in Ontario ("the Project"). This private placement of a total amount of $194,500,000 is made up of a tranche of $186,000,000 earmarked for Project construction costs and a second tranche of $8,500,000 under a letter of credit facility. On March 12, 2010, the total amount of the first tranche was paid into an escrow account in the name of the Project and the term loan issued in September 2009 was repaid in full using these amounts. Under the credit agreement, the escrowed amounts are released as and when Boralex incurs construction costs. The escrowed amount totalled $93,027,000 as at March 31. For the operating facilities, Boralex makes quarterly repayments of principal and interest. For the construction sites, the repayments are monthly and only interest is payable until the facilities are commissioned. The interest rate is fixed at 7.05% and the debt matures on January 2, 2031. The letter of credit facility is renewable in three years, at the lenders' option. Any amounts drawn bear interest at CDOR +2%. If the facility is undrawn, Boralex pays a standby fee of a fraction of the 2% margin.

Note 7. Long-term debt (Cont'd)

Amortization of financing costs for the quarter ended March 31, 2010 amounted to $2,918,000 ($772,000 for the quarter ended March 31, 2009). The 2010 amount includes $2,735,000 in amortization of the balance of deferred financing costs under the former financing of the Thames River site.

REVOLVING CREDIT FACILITY

In addition, Boralex has a revolving credit facility with an authorized maximum amount of $55,000,000, bearing interest at a variable rate based on Canada's prime rates or money market rates, plus a margin. This credit facility is secured by Boralex's investment in the Fund, based on the following formula: amounts advanced may not exceed 60% of the investment's market value. If the market value of the investment were to drop below this limit, creditors would be entitled to demand repayment of a portion of the amounts advanced in order to re-establish the coverage ratio. As at March 31, 2010, the Corporation had issued letters of credit totalling $13,094,000 and had drawn down an amount of $6,468,000 from this credit facility. Lastly, the market value of one Fund unit was $4.46 on March 31, 2010 and the repayment threshold was $2.37 (including all outstanding letters of credit issued against the operating credit facility). The current expiry date of the revolving period is January 27, 2011.

INTEREST RATE SWAPS

The revolving credit, master agreement, term loan for the Stratton power station, together with a portion of certain leases, bear interest at a variable rate. To mitigate interest rate risk, the Corporation has entered into interest rate swaps to obtain a fixed interest expense on portions ranging from 61% to 90% of the corresponding variable rate debt. These agreements involve the periodic exchange of interest payments without any exchange of the notional amount on which payments are calculated. Under these agreements, the Corporation receives a variable amount based on the EURIBOR rate and pays fixed amounts based on rates ranging from 3.29% to 5.16%.

Since the credit is drawn progressively and the loans are periodically repaid when sites are commissioned, the swaps have been structured to mirror the terms of the underlying credit arrangements and to always cover a significant portion of these arrangements. By using these instruments, the Corporation has reduced the proportion of its variable rate debt from 39% to 5%.

FINANCIAL RATIOS AND GUARANTEES

The debt agreements include certain restrictions governing the use of cash resources of the Corporation's subsidiaries. As well, certain financial ratios, such as debt service ratios, must meet designated levels on a quarterly, semi-annual or annual basis.

The senior and junior secured debt and certain other debts or interest rate swaps include requirements to establish and maintain restricted fund accounts to cover short-term debt service, equipment maintenance, and income taxes at various times during the terms of the agreements. As at March 31, 2010, an amount of $1,657,000 ($1,547,000 as at December 31, 2009) was kept in restricted fund accounts for this purpose. These amounts are included in *Other assets* on the Corporation's consolidated balance sheet.

In addition to assets under capital leases and the investment in the Fund pledged as collateral for the revolving credit facility, the property, plant and equipment of the Stratton power station, the Canadian and French power stations, with a net carrying amount totalling $308,711,000 as at March 31, 2010 ($186,469,000 as at December 31, 2009), together with the related working capital items, have been pledged as collateral.

The private placement is secured by the total assets of the Project and without recourse to Boralex, except for Boralex's equity interest in the Project which was provided as collateral to the lenders. The credit agreement contains certain covenants typical for wind power project financing. For instance, the Project must meet a minimum debt service ratio to be authorized to pay distributions to its shareholder Boralex. During the construction period, total operating cash flows must be used for the construction of the remaining sites.

MINIMUM FUTURE PAYMENTS

The estimated aggregate amount of repayments on long-term debt in each of the next five years is as follows:

2011	18,121
2012	26,890
2013	17,510
2014	18,465
2015	19,136
Thereafter	247,301

Note 8.
FINANCIAL INSTRUMENTS

The fair value of the derivative financial instruments designated as cash flow hedges as at March 31, 2010 and December 31, 2009 are detailed as follows:

	AS AT MARCH 31, 2010	AS AT DECEMBER 31, 2009
FINANCIAL ASSETS		
Foreign exchange forward contracts	**518**	422
Interest rate forward contracts	**–**	1,092
Financial swaps – electricity prices	**9,708**	5,783
	10,226	7,297
FINANCIAL LIABILITIES		
Foreign exchange forward contracts	**323**	896
Financial swaps – interest rates	**9,200**	6,749
	9,523	7,645

Note 9.
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

					AS AT MARCH 31, 2010
	Translation adjustments	*Hedge Electricity price*	*Hedge Interest rate*	*Hedge Foreign currency*	*Total*
Balance – beginning of period	**(44,515)**	**5,019**	**(6,720)**	**(643)**	**(46,859)**
Change in fair value	**(9,300)**	**5,699**	**(6,714)**	**(4,580)**	**(14,895)**
Share of cumulative translation adjustments of the Fund	**(478)**	**-**	**-**	**-**	**(478)**
Reclassification to net earnings	**422**	**(1,920)**	**801**	**(100)**	**(797)**
Balance sheet reclassification	**-**	**-**	**-**	**1,146**	**1,146**
Taxes	**6**	**(1,511)**	**1,850**	**438**	**783**
Balance – end of period	**(53,865)**	**7,287**	**(10,783)**	**(3,739)**	**(61,100)**

					AS AT MARCH 31, 2009
	Translation adjustments	*Hedge Electricity price*	*Hedge Interest rate*	*Hedge Foreign currency*	*Total*
Balance – beginning of period	(11,609)	12,451	(5,510)	5,684	1,016
Change in fair value	4,751	10,955	(3,018)	(1,211)	11,477
are of cumulative translation adjustments of the Fund	539	–	–	–	539
Reclassification to net earnings	(65)	(6,878)	201	–	(6,742)
Balance sheet reclassification	–	–	–	(1,097)	(1,097)
Taxes	(127)	(1,305)	902	361	(169)
Balance – end of period	(6,511)	15,223	(7,425)	3,737	5,024

Note 10.
SALE OF SUBSIDIARY

On March 31, 2010, the Corporation sold a subsidiary that owned the Bel Air, France wind farm for net proceeds of $878,000 (€639,000). This sale is detailed as follows:

Working capital	(1,182)
Property, plant and equipment	9,611
Debt	(8,325)
Net value of subsidiary sold	104
Net consideration	878
Gain on sale of subsidiary	774

Note 11.
SEASONAL FACTORS

Operations and results for some of the Corporation's power stations are subject to seasonal cycles that vary by segment. Moreover, the impact of seasonal variations differs, depending on whether or not the power stations have power sales contracts. For the 19 Boralex facilities that have long-term fixed-price power sales contracts, seasonal cycles mainly affect the volume of power generated. The nine power stations that do not have long-term contracts and that sell their power on the open market in the Northeastern U.S. are more vulnerable to seasonal fluctuations which, in addition to influencing power generation volumes, also have an impact on prices obtained. Further, the price of natural gas, which is highly volatile, has a significant influence on electricity selling prices in the Northeastern U.S. Generally, electricity consumption increases in the winter and summer, which corresponds to Boralex's first and third quarters. This means that, for those two periods, the power stations that sell on the open market usually obtain higher average prices. Because the wood-residue power stations can regulate their output level, they usually generate more power during such peak periods. For this reason, these power stations perform shutdowns for regular maintenance in spring or fall, which impacts their operating results for those periods.

In addition, the Corporation uses financial instruments to implement hedging strategies for periods up to three years to fix part of the prices of power stations without long-term power sales contracts, which partially offsets the seasonal impact on prices. Hydroelectric generation depends on water flow, which in Canada and the Northeastern U.S. tends to be at a maximum in spring and generally good in the fall, which represents Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. Note that Boralex's hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

In the wind power segment, all of the wind farms have long-term power sales contracts. Wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, for high-altitude sites, in winter there is a higher risk of downtime caused by weather conditions, such as icing.

The natural gas cogeneration power station's long-term power sales contract with Électricité de France ("EDF") contains a clause that caps electricity prices from April to October. When the cost of natural gas is high, the profit margin for this period is not sufficient to offset the ceiling on electricity prices. The cogeneration equipment may therefore be shut down, in which case the Corporation supplies its steam client from an auxiliary boiler. Accordingly, since 2005, the power station has operated its cogeneration equipment only during the five winter months.

Furthermore, Boralex's investment in the Fund is also subject to a seasonal cycle. If Boralex's offer to acquire all outstanding units in the Fund, which was announced on May 3, 2010 is concluded, the Fund's power stations will ultimately be consolidated with Boralex's existing power stations. Approximately 50% of the Fund's output is hydroelectric and is thus subject to the same effects on its volume as Boralex's hydroelectric power stations. However, as all of the Fund's power stations have long-term power sales contracts, they are not subject to a seasonal price cycle. Nevertheless, some of the Fund's power stations receive a premium for power generated from December to March, which typically results in higher profitability for the Fund in the first and fourth quarters.

To sum up, although Boralex's performance is affected by seasonal cycles, their impact is mitigated to some extent by the increasing diversification of its power generation sources, the partial use of financial instruments to hedge prices, the increasingly higher proportion of revenues from fixed-price and price-indexed contracts and the geographic positioning of its assets. The Corporation is also developing complementary revenue streams in order to increase and secure revenues. Boralex participates, for example, in the Renewable Energy Certificates ("RECs") market and the Forward Capacity Market in the Northeastern U.S., as well as in the carbon dioxide ("CO_2") quota trading and green certificate markets in France.

Note 12.
SEGMENTED INFORMATION

The Corporation's power stations are grouped into four distinct segments: wind power, hydroelectric power, wood-residue thermal power and natural gas thermal power, and are engaged mainly in power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The main accounting policies that apply to the operating segments are the same as those described in note 2 in the Fund's 2009 annual report.

The Corporation analyzes the performance of its operating segments based on the earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is not a measure of performance under Canadian GAAP; however, management uses this measure to assess the operating performance of its segments. EBITDA corresponds to *Operating income before amortization*. Results for each segment are presented on the same basis as those of the Corporation.

The following table reconciles EBITDA with net earnings:

	FOR THE QUARTERS ENDED MARCH 31,	
	2010	2009
Net earnings	**1,348**	7,212
Non-controlling interests	**280**	59
Income taxes	**3,001**	3,956
Gain on sale of subsidiary	**(774)**	-
Financing costs	**5,762**	3,418
Net gain on financial instruments	**(560)**	(115)
Foreign exchange loss (gain)	**876**	(43)
Amortization	**7,699**	6,465
EBITDA	**17,632**	20,952

INFORMATION BY SEGMENT

	FOR THE QUARTERS ENDED MARCH 31,		FOR THE QUARTERS ENDED MARCH 31,	
	2010	2009	**2010**	2009
	Power generation (MWh)		*Revenues from energy sales*	
Wind farms	**90,291**	60,761	**11,413**	9,083
Hydroelectric power stations	**40,309**	35,666	**3,054**	2,760
Wood-residue thermal power stations	**320,057**	296,688	**30,216**	38,181
Natural gas thermal power station	**22,430**	22,613	**6,321**	7,174
	473,087	415,728	**51,004**	57,198
	EBITDA		*Additions to property, plant and equipment*	
Wind farms	**9,419**	7,215	**19,342**	5,141
Hydroelectric power stations	**1,873**	1,709	**215**	-
Wood-residue thermal power stations	**10,028**	11,803	**984**	1,459
Natural gas thermal power station	**2,038**	1,511	**3**	22
Corporate and eliminations	**(5,726)**	(1,286)	**164**	141
	17,632	20,952	**20,708**	6,763

	AS AT MARCH 31, 2010	AS AT DECEMBER 31, 2009	**AS AT MARCH 31, 2010**	AS AT DECEMBER 31, 2009
	Total assets		*Property, plant and equipment*	
Wind farms	**480,490**	**363,644**	**293,679**	**288,225**
Hydroelectric power stations	**35,564**	**34,622**	**25,388**	**25,758**
Wood-residue thermal power stations	**136,317**	**138,014**	**81,437**	**84,660**
Natural gas thermal power station	**13,088**	**13,600**	**6,293**	**7,150**
Corporate and eliminations	**110,957**	**113,887**	**7,315**	**7,746**
	776,416	**663,767**	**414,112**	**413,539**

Note 12. Segmented information (Cont'd)

INFORMATION BY GEOGRAPHIC SEGMENT

	For the quarters ended March 31,		For the quarters ended March 31,	
	2010	2009	**2010**	2009
	Power generation (MWh)		*Revenues from energy sales*	
United States	**350,942**	327,651	**32,137**	40,604
France	**85,317**	83,374	**14,432**	16,257
Canada	**36,828**	4,703	**4,435**	337
	473,087	415,728	**51,004**	57,198
	EBITDA		*Additions to property, plant and equipment*	
United States	**11,051**	13,236	**1,171**	1,377
France	**7,068**	7,807	**15,552**	233
Canada	**(487)**	(91)	**3,985**	5,153
	17,632	20,952	**20,708**	6,763

	As at March 31, 2010	As at December 31, 2009	**As at March 31, 2010**	As at December 31, 2009
	Total assets		*Property, plant and equipment*	
United States	**173,884**	**179,494**	**86,152**	**89,889**
France	**234,782**	**254,142**	**176,902**	**190,797**
Canada	**367,750**	**230,131**	**151,058**	**132,853**
	776,416	**663,767**	**414,112**	**413,539**

Note 13.
INVESTMENT

In calculating the value of the investment, Boralex recognized its $3.7 million share ($2.7 million net of income taxes) of the impairment of property, plant and equipment at the Dolbeau (Québec) power station owned by the Fund, arising from changes in this power station's operating environment.

Note 14.
COMMITMENTS AND CONTINGENGIES

With respect to wind power projects in Ontario (Canada) and in France, the Corporation signed new equipment purchase agreements during the first quarter of 2010. The total cost of commitments is $144,157,000 (€74,142,000 and $38,098,000) as at March 31, 2010 ($127,789,000 as at December 31, 2009). Disbursements will take place mostly in 2010. A portion of the amount payable in euros was partially covered by foreign exchange forward contracts.

Note 15.
SUBSEQUENT EVENT

On May 3, 2010, Boralex and the Fund jointly announced that they have entered into a definitive support agreement, pursuant to which Boralex, through one of its wholly-owned subsidiaries, has offered to acquire by way of a take-over bid (the "Offer") all of the issued and outstanding trust units in the capital of the Fund (the "Units") in exchange for $5 cash equivalent value per Unit in the form of 6.25% Convertible Unsecured Subordinated Debentures of Boralex (the "Debentures"). Boralex has agreed to offer holders of Units ("Unitholders") $100 principal amount of Debentures for each 20 units held.

The special committee of independent trustees of Boralex Power Trust (the "Special Committee") and the Board of Trustees have unanimously determined that the Offer is fair to Unitholders other than Boralex and is in the best interest of the Fund and such Unitholders.

A take-over bid circular containing the full details of the Offer and other related documents are expected to be mailed to Unitholders no later than May 21, 2010.

The Offer is conditional on the deposit in response to the Offer of at least 66⅔% of the outstanding Units, and a majority of the Units not controlled by Boralex, the receipt of any necessary regulatory approvals and satisfaction or waiver of other customary conditions.

Under the terms of the support agreement, the Fund has agreed that it will not solicit or initiate any competing third-party proposals. In the event that the transaction is not completed in certain circumstances, the Fund has agreed to pay Boralex a termination fee of approximately $6,800,000.

This transaction will be described in more detail in the joint information circular which will be filed no later than May 21, 2010 with the regulatory authorities.

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