Interim Report 3
As at September 30,

09

BORALEX

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 owns and operates 22 power stations with a total installed capacity of 365 megawatts ("MW") in Canada, in the Northeastern United States and in France. In addition, the Corporation has more than 300 MW in power projects under development, of which 40 MW will be on stream by the end of fiscal 2009. Boralex stands out for 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 (TSX) under the ticker symbol BLX.

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

Interim Management's Discussion and Analysis 3

as at September 30, 2009

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 owns and operates 22 power stations with a total installed capacity of 365 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:

- In recent years, Boralex has become one of the biggest and most experienced **wind** power producers in France, where it currently operates seven wind farms, including 68 wind generators, with a total installed capacity of 108 MW. Boralex is working on two new projects in France, adding 4.6 MW of installed capacity with the expansion of an existing site and developing an eighth wind farm with an capacity of 9.2 MW. In addition, Boralex is currently developing major wind power projects in Canada, including the Seigneurie de Beaupré wind farms in Québec, with a total capacity of 272 MW to be commissioned in 2013, as well as the Thames River wind farm in Ontario with a total potential capacity of 90 MW, whose Phase I (40 MW) is expected to come on stream over the next few weeks.
- Boralex has over 15 years of expertise as a **hydroelectric** power producer. It owns 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. The Corporation also acquired the development rights to two other projects in Northern B.C., representing an additional 10 MW.
- 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 ten 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

GENERAL

This interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three- and nine-month periods ended September 30, 2009, compared with the corresponding three- and nine-month periods ended September 30, 2008, 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, 2008.

Additional information about the Corporation, including the annual information form, annual reports, previous interim reports, 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. and 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 November 11, 2009, 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 November 11, 2009.

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, the availability and the increases in the costs of raw materials, currency fluctuations, volatility in the selling price of electricity, the Corporation's financing capacity, adverse changes in general market and industry conditions, as well as other factors presented under *Outlook* in this MD&A as well as under *Risk Factors and Uncertainties* in the MD&A for the year ended December 31, 2008. 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 MD&A, including tabular amounts, is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This 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

QUARTERS ENDED (in thousands of dollars, except per share amounts and number of shares)	DECEMBER 31, 2008	MARCH 31, 2009	JUNE 30, 2009	**SEPTEMBER 30, 2009**
REVENUES FROM ENERGY SALES				
Wind power stations	7,942	9,083	8,018	**5,797**
Hydroelectric power stations	2,844	2,760	2,842	**1,779**
Wood-residue thermal power stations	37,040	38,181	28,338	**29,841**
Natural gas thermal power station	6,490	7,174	2,558	**2,259**
	54,316	57,198	41,756	**39,676**
EBITDA				
Wind power stations(1)	6,059	7,215	6,242	**4,247**
Hydroelectric power stations	1,647	1,709	1,785	**301**
Wood-residue thermal power stations	9,064	11,803	8,148	**10,685**
Natural gas thermal power station	1,378	1,511	(145)	**(126)**
Corporate and eliminations	(2,544)	(1,286)	(3,088)	**(3,662)**
	15,604	20,952	12,942	**11,445**
NET EARNINGS(1)	4,398	7,212	1,817	**698**
per share (basic)	$0.12	$0.19	$0.05	**$0.02**
per share (diluted)	$0.12	$0.19	$0.05	**$0.02**
Weighted average number of common shares outstanding (basic)	37,740,921	37,740,921	37,740,921	**37,740,921**

QUARTERS ENDED (in thousands of dollars, except per share amounts and number of shares)	DECEMBER 31, 2007	MARCH 31, 2008	JUNE 30, 2008	SEPTEMBER 30, 2008
REVENUES FROM ENERGY SALES				
Wind power stations	8,554	10,065	6,677	5,859
Hydroelectric power stations	2,524	3,790	3,200	1,920
Wood-residue thermal power stations	29,973	33,877	27,113	37,866
Natural gas thermal power station	4,857	6,723	2,675	3,165
Corporate and eliminations	(1)	-	(1)	1
	45,907	54,455	39,664	48,811
EBITDA				
Wind power stations(1)	7,021	8,504	5,043	4,361
Hydroelectric power stations	1,651	3,034	2,391	847
Wood-residue thermal power stations	10,674	11,071	6,795	13,558
Natural gas thermal power station	717	1,321	(204)	(157)
Corporate and eliminations	(1,388)	(39)	(1,449)	(1,844)
	18,675	23,891	12,576	16,765
NET EARNINGS(1)	5,913	9,232	1,101	5,679
per share (basic)	$0.16	$0.25	$0.03	$0.15
per share (diluted)	$0.15	$0.24	$0.03	$0.15
Weighted average number of common shares outstanding (basic)	37,454,625	37,566,967	37,818,503	37,831,382

(1) Certain amounts have been restated to reflect the retroactive adoption of CICA *Handbook* Section 3064.

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 the power stations have power sales contracts or not.

For the 13 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 such 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 the 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.

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 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 flows.

In the wind power segment, where Boralex's activities are currently focused in France, 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 greater risk of lower output 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 been operating 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 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 also seeks to expand its proportion of contractual output and develop complementary revenue streams to grow 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.

FINANCIAL HIGHLIGHTS

	THREE-MONTH PERIODS ENDED SEPTEMBER 30,		NINE-MONTH PERIODS ENDED SEPTEMBER 30,	
(in thousands of dollars, unless otherwise specified)	**2009**	2008	**2009**	2008
REVENUES FROM ENERGY SALES				
Wind power stations	**5,797**	5,859	**22,898**	22,601
Hydroelectric power stations	**1,779**	1,920	**7,381**	8,909
Wood-residue thermal power stations	**29,841**	37,866	**96,360**	98,856
Natural gas thermal power station	**2,259**	3,165	**11,992**	12,564
Corporate and eliminations	**-**	1	**-**	1
	39,676	48,811	**138,631**	142,931
EBITDA				
Wind power stations(1)	**4,247**	4,361	**17,704**	17,909
Hydroelectric power stations	**301**	847	**3,795**	6,272
Wood-residue thermal power stations	**10,685**	13,558	**30,636**	31,424
Natural gas thermal power station	**(126)**	(157)	**1,240**	960
Corporate and eliminations	**(3,662)**	(1,844)	**(8,035)**	(3,334)
	11,445	16,765	**45,340**	53,231
NET EARNINGS(1)	**698**	5,679	**9,727**	16,012
per share (basic)	**$0.02**	$0.15	**$0.26**	$0.42
per share (diluted)	**$0.02**	$0.15	**$0.26**	$0.42
Weighted average number of shares outstanding	**37,740,921**	37,831,382	**37,740,921**	37,739,288

(1) Certain amounts have been restated to reflect the retroactive adoption of CICA *Handbook* Section 3064.

	AS AT SEPTEMBER 30, **2009**	AS AT DECEMBER 31, 2008
FINANCIAL POSITION		
Total assets	**610,789**	622,955
Total debt(1)	**212,846**	187,445
Shareholders' equity	**333,517**	362,720

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

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 believes that EBITDA and cash flows from operations are widely accepted financial measures used by investors to assess the performance of a company and its ability to generate cash through operations.

Nevertheless, since these measures are non-GAAP performance measures, 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 earnings before amortization.*

The following table reconciles EBITDA to net earnings:

	THREE-MONTH PERIODS ENDED SEPTEMBER 30,		NINE-MONTH PERIODS ENDED SEPTEMBER 30,	
(in thousands of dollars)	**2009**	2008	**2009**	2008
		(restated)		(restated)
Net earnings	**698**	5,679	**9,727**	16,012
Non-controlling interests	**1**	(5)	**56**	112
Income taxes	**316**	2,427	**5,751**	9,495
Financing costs	**3,362**	3,515	**10,228**	9,971
Net loss (gain) on financial instruments	**398**	(1,010)	**(6)**	94
Foreign exchange loss (gain)	**236**	(185)	**202**	(603)
Amortization	**6,434**	6,344	**19,382**	18,150
Consolidated EBITDA	**11,445**	16,765	**45,340**	53,231

Cash flows from operations are equal to cash flows related to operating activities before change in working capital. Management and investors use 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:

	THREE-MONTH PERIODS ENDED SEPTEMBER 30,		NINE-MONTH PERIODS ENDED SEPTEMBER 30,	
(in thousands of dollars)	**2009**	2008	**2009**	2008
		(restated)		(restated)
Cash flows related to operating activities	**(4,103)**	3,129	**36,193**	36,670
Cash flows provided by change in non-cash working capital items	**13,286**	10,758	**(110)**	7,392
CASH FLOWS FROM OPERATIONS	**9,183**	13,887	**36,083**	44,062

ANALYSIS OF OPERATING RESULTS FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2009

The following table shows the main favourable (unfavourable) variances explaining the change in net earnings for the three-month periods ended September 30, 2009 and 2008:

	NET EARNINGS (IN MILLIONS OF DOLLARS)	PER SHARE (IN $) (BASIC)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2008	**5.7**	**0.15**
Change in EBITDA	(5.3)	(0.14)
Amortization	(0.1)	-
Foreign exchange loss (gain)	(0.4)	(0.01)
Net loss (gain) on financial instruments	(1.4)	(0.04)
Financing costs	0.1	-
Income taxes	2.1	0.06
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2009	**0.7**	**0.02**

During the third quarter of fiscal 2009, Boralex generated net earnings of $0.7 million or $0.02 per share (basic and diluted) compared with $5.7 million or $0.15 per share (basic and diluted) for the same quarter in 2008. As shown in the above table and discussed in greater detail below, the decrease in net earnings for the quarter is due mainly to lower profitability across all segments, particularly the wood-residue thermal power segment. Boralex's earnings for the third quarter of 2009 were impacted by the recognition of a $0.6 million charge for a foreign exchange loss and a loss on financial instruments compared with a $1.2 million gain for the corresponding period of 2008. However, these unfavourable factors were partially offset by a decrease in income tax expense and financing costs.

Analysis of major variances in consolidated revenues from energy sales and EBITDA:

(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2008	**48.8**	**16.8**
Commissioning – Ocean Falls hydroelectric power station	0.5	0.2
Pricing	(4.0)	(4.0)
Volume	(6.2)	(2.5)
RECs and green certificates	(1.5)	(0.9)
Translation of self-sustaining subsidiaries	2.2	0.8
Renewable energy tax credits	-	(0.2)
Raw material costs	-	2.3
Maintenance	-	(0.2)
Boralex Power Income Fund	-	(1.1)
Other	(0.1)	0.2
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2009	**39.7**	**11.4**

REVENUES FROM ENERGY SALES

Revenues from energy sales for the third quarter of 2009 fell $9.1 million or 18.6% to $39.7 million from $48.8 million for the same quarter in 2008. Currency fluctuations, particularly the strengthening of the US dollar against its Canadian counterpart, had a $2.2 million favourable impact on consolidated revenues for the quarter. The decline in revenues is explained by the following:

- A $5.7 million shortfall attributable to lower output at existing power stations, net of $0.5 million in additional revenues from the new Ocean Falls (British Columbia) hydroelectric power station acquired in April 2009. Boralex generated a total of 365,163 megawatt hours ("MWh") in electricity in the third quarter of 2009, or 361,832 MWh excluding the Ocean Falls power station, compared with 416,747 MWh in the same period of 2008. The 13.2% decline in output at existing power stations is almost entirely attributable to the wood-residue segment. It is explained principally by the fact that, unlike the third quarter of 2008, the Stacyville power station was idle during the entire third quarter of 2009, while the Chateaugay power station was idle for the first 40 days of the quarter, until August 10, 2009, due to a slump in electricity market prices;
- A $4.0 million shortfall caused by lower average electricity selling prices on the Northeastern U.S. open market at the wood-residue and hydroelectric power stations, combined with lower steam selling prices at the natural gas cogeneration plant in France. However, the wood-residue segment managed to significantly offset lower market prices through forward sales strategies (electricity price financial swaps) implemented in 2008; and
- A $1.5 million decline in REC sales prompted primarily by lower REC selling prices on the Connecticut market, together with a slight decrease in REC sales volume, particularly at the New York power station.

OTHER REVENUES

Boralex generated $1.6 million in revenues other than revenues from energy sales during the third quarter of 2009 compared with $3.0 million for the same period in 2008. The $1.4 million decline stemmed primarily from a $1.0 million decrease in Boralex's share of the Fund's earnings as a result of a significant foreign exchange loss and the shutdown of the Dolbeau power station since June 2009 following AbitibiBowater's insolvency. *Other income* also decreased by $0.4 million, due mainly to the Corporation's recognition of certain non-recurring management revenues and CO_2 sales in the third quarter of 2008.

EBITDA

Consolidated EBITDA for the third quarter of fiscal 2009 fell $5.4 million or 32.1% to $11.4 million from $16.8 million for the same period last year. The main factors behind this decrease are as follows:

- A $4.0 million shortfall caused by lower electricity selling prices and, to a lesser extent, lower steam prices, which directly affected EBITDA;
- A $2.3 million net unfavourable effect arising from lower output (factoring in the addition of the Ocean Falls power station) due primarily to the wood-residue segment. Note, however, that the unfavourable effect of lower output was less marked for EBITDA than for earnings, largely as a result of savings on raw materials achieved by idling or reducing output at certain wood-residue power stations;
- A $1.1 million unfavourable effect owing primarily to a decline in Boralex's share of the Fund's earnings;
- A $0.9 million decline attributable to lower REC and green certificate sales, whose impact on EBITDA was mitigated by savings on sales costs at one of the wood-residue power stations that generates RECs;
- A $0.2 million increase in maintenance costs attributable to the wind and hydroelectric power segments, as well as to the gasification project; and
- A $0.2 million net reduction in renewable energy tax credits, principally as a result of the shutdown of the Stacyville power station, which was partially offset by the rise in the unit rate used for the tax credits to US$11/MWh from US$10/MWh.

However, the aggregate impact of these unfavourable factors was partly offset by the following favourable elements:

- A $2.3 million reduction in raw material costs, arising from lower wood-residue costs combined with a better combustion rate at the U.S. thermal power stations and lower natural gas prices in France; and
- A $0.8 million foreign exchange gain, owing mainly to a weakening of the Canadian dollar against its U.S. counterpart;

(A more detailed analysis of changes in revenues and EBITDA of the various segments may be found under *Analysis of the Segmented Performance for the Three- and Nine-Month Periods Ended September 30, 2009*.)

AMORTIZATION, FOREIGN EXCHANGE LOSS (GAIN), FINANCIAL INSTRUMENTS, FINANCING COSTS AND EARNINGS BEFORE INCOME TAXES

The Corporation reported $6.4 million in amortization expense for the third quarter of 2009, up slightly from $6.3 million for the same period of 2008. The unfavourable effect on the amortization expense of investments over the past 12 months, particularly the acquisition of the Ocean Falls power station, combined with the strengthening of the US dollar against its Canadian counterpart, was largely offset by idling or reducing output at wood-residue power stations, as the calculation of amortization in this segment is based in part on its output.

Financing costs fell slightly to $3.4 million compared with $3.5 million for the same quarter of 2008. This decline is primarily attributable to debt repayment over the past year, partially offset by the addition of a new debt (Ocean Falls) and the utilization of the bank loan.

An adverse variance of $0.4 million arose as a foreign exchange loss of $0.2 million was posted for the third quarter of 2009 compared with a $0.2 million foreign exchange gain for the same period of 2008.

Further, a negative variance of $1.4 million arose as the Corporation recognized a $0.4 million loss on financial instruments in the third quarter of fiscal 2009 compared with a $1.0 million gain on financial instruments for the corresponding period of 2008. Gains and losses on financial instruments pertain primarily to the ineffective portion of electricity price financial swaps for the period. It should be noted that all of the swaps used by the Corporation qualify for hedge accounting and are highly effective for managing exposure to electricity market prices. However, since the swaps are not 100% effective, accounting standards require that a portion of gains or losses arising from their measurement at fair value be recognized in earnings.

As a result, Boralex recorded $1.0 million in earnings before income taxes for the third quarter of 2009 compared with $8.1 million for the same period of 2008.

INCOME TAXES

Boralex reported a $0.3 million income tax expense for the third quarter of 2009 compared with $2.4 million for the same period of 2008.

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 35% to 40% over a medium-term horizon.

The development of a number of projects in Canada should eventually lower this rate to between 32% and 35%. In the short run, however, Boralex's consolidated income tax rate may vary significantly from one period to another in light of changes in its results according to its various operating jurisdictions and due to the fact that the ratio of dividends included in the Fund's distributions varies according to the amounts of US dollar cash resources that the Fund repatriates to Canada to fund its distributions and that the dividends received from the Fund are not taxable for Boralex.

NET EARNINGS

Boralex ended the third quarter of fiscal 2009 with $0.7 million in net earnings or $0.02 per share (basic and diluted) compared with $5.7 million or $0.15 per share (basic and diluted) for the same period of 2008.

The weighted average number of shares outstanding was 37.7 million in the third quarter of 2009 compared with 37.8 million for the same period in 2008, due to share repurchases by the Corporation in the last quarter of 2008.

In short, apart from foreign exchange and financial instrument losses, results for the third quarter of fiscal 2009 reflect the impacts of the global economic slowdown, which led to a significant decline in electricity selling prices and REC sales at Boralex's power stations that sell on the U.S. open market. The Corporation reduced output in its wood-residue segment in response to these difficult economic conditions. Boralex was nonetheless able to benefit from the following:

- The integration of a new power station in the hydroelectric segment;
- Increased output at existing power stations in the hydroelectric segment;
- A significant decline in raw material costs in the wood-residue segment;
- Effective forward power sales and REC strategies, a form of hedging, implemented in the wood-reside segment; and
- A relative easing of the Canadian dollar against its U.S. counterpart.

ANALYSIS OF OPERATING RESULTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009

The following table shows the main favourable (unfavourable) variances explaining the change in net earnings for the nine-month periods ended September 30, 2009 and 2008:

	NET EARNINGS (IN MILLIONS OF DOLLARS)	PER SHARE (IN $) (BASIC)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2008	**16.0**	**0.42**
Change in EBITDA	(7.9)	(0.21)
Amortization	(1.2)	(0.03)
Foreign exchange loss (gain)	(0.8)	(0.02)
Net loss (gain) on financial instruments	0.1	0.01
Financing costs	(0.3)	(0.01)
Income taxes	3.7	0.10
Non-controlling interests	0.1	-
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009	**9.7**	**0.26**

For the first nine months of fiscal 2009, Boralex generated net earnings of $9.7 million or $0.26 per share (basic and diluted) compared with $16.0 million or $0.42 per share (basic and diluted) for the same period of 2008. This $6.3 million decline resulted mainly from a $7.9 million decrease in EBITDA, owing, among other things, to a decline in electricity selling prices and RECs in the U.S., lower steam prices in France, reduced output at the wood-residue power stations in the third quarter of 2009, less favourable wind and hydroelectric conditions in the first quarter of 2009 than the previous year and, last, a decrease in Boralex's share of the Funds earnings. To a lesser degree, net earnings for the nine-month period ended September 30, 2009 were also impacted by a $1.5 million aggregate increase in amortization expense and financing costs, and a $0.8 million negative variance in foreign exchange losses (gains) over the two comparative periods. However, these factors were offset by lower income taxes.

Analysis of major variances in consolidated revenues from energy sales and EBITDA:

(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA
		(restated)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2008	**142.9**	**53.2**
Commissioning – expansion of Avignonet-Lauragais wind farm and Ocean Falls hydroelectric power station	1.3	0.8
Pricing	(6.7)	(6.7)
Volume	(10.0)	(4.5)
RECs and green certificates	(6.1)	(4.4)
Capacity premiums	0.2	0.2
Translation of self-sustaining subsidiaries	17.2	6.2
CO_2 quotas	-	0.5
Raw material costs	-	2.6
Maintenance	-	0.6
Development expenses – prospecting	-	(0.8)
Boralex Power Income Fund	-	(3.6)
Other	(0.2)	1.2
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009	**138.6**	**45.3**

REVENUES FROM ENERGY SALES

Revenues from energy sales fell $4.3 million or 3.0% to $138.6 million for the nine-month period ended September 30, 2009 from $142.9 million for the same period of 2008. Note that the weakening of the Canadian dollar against the US dollar and the euro had a $17.2 million favourable impact on year-to-date revenues. This decrease is attributable primarily to the following three factors:

- An $8.7 million shortfall caused by a net decrease in total electricity output (factoring in the addition of the Ocean Falls hydroelectric power station and expansion at the Avignonet-Lauragais wind farm), mainly as a result of less favourable market conditions in the U.S. wood-residue segment, in response to which Boralex shut down or reduced output at certain power stations. This was combined with less favourable weather conditions in the first quarter of 2009 than in the same period of 2008 in the wind power and hydroelectric segments. Boralex generated 1,134,858 MWh of electricity in the first nine months of fiscal 2009, a decline of 7.1% from 1,221,305 MWh for the same period of 2008;
- A $6.7 million shortfall caused by a decline in electricity selling prices at the U.S. hydroelectric and thermal power stations and lower steam prices at the natural gas cogeneration power station in France. These declines were only partially offset by the indexation of electricity selling prices at Québec wind farms and hydroelectric power stations, the addition of the Ocean Falls power station and the 4.6 MW expansion of the Avignonet-Lauragais wind farm; and
- A $6.1 million decrease in sales of RECs and green certificates, mainly attributable to their lower average market price in Connecticut, as well as to lower output at certain wood-residue power stations in the first and third quarters.

OTHER REVENUES

Revenues other than revenues from energy sales fell $2.5 million to $8.9 million during the first nine months of 2009 compared with $11.4 million for the same period in 2008. Boralex reported a $3.2 million decline in its share of the Fund's earnings for the reasons set out in the previous section.

Conversely, Boralex reported growth of $0.6 million in *Other revenues* stemming mainly from a $0.7 million gain on the disposal of an investment in a hydroelectric power station in France in the first quarter of 2009, and $0.5 million in sales of excess CO_2 quotas at the Blendecques natural gas power station in France also in the first quarter. These additional revenue streams were partially reduced by certain non-recurring management revenues reported in 2008.

EBITDA

Boralex reported $45.3 million in consolidated EBITDA for the first nine months of fiscal 2009 compared with $53.2 million for the same period of 2008. This $7.9 million or 14.9% decline is primarily attributable to third quarter results and is explained as follows:

- A $6.7 million shortfall due to lower electricity and steam selling prices, which was mitigated, however, by the use of financial swaps in the wood-residue segment;
- A $4.4 million decline attributable to lower REC sales;
- A $3.7 million adverse effect due to lower electricity output (net of the Avignonet-Lauragais wind farm expansion and the addition of the Ocean Falls hydroelectric power station);
- A $3.6 million decrease owing primarily to a decline in Boralex's share of the Fund's earnings; and
- A $0.8 million increase in development project and prospecting costs, mainly in the solar power segment in Spain during the first quarter of 2009.

On the upside, cumulative EBITDA for the first nine months of 2009 benefited from the following:

- A $6.2 million foreign exchange gain due to the Canadian dollar's depreciation against the US dollar and the euro;
- A $2.6 million decrease in raw material costs;
- A $0.6 million net decline in maintenance costs, owing primarily to the wood-residue segment;
- $0.5 million in sales of excess CO_2 quotas at the French natural gas cogeneration plant; and
- Miscellaneous other favourable elements totalling $1.4 million, including higher capacity premiums, lower costs for certain chemicals used in the wood-residue segment, savings generated by the shutdown of the Stacyville power station, a gain on the disposal of an investment in France, and lower oil product prices and variable wage costs.

(A more detailed analysis of changes in revenues and EBITDA of the various segments may be found under *Analysis of the Segmented Performance for the Three- and Nine-Month Periods Ended September 30, 2009*.)

AMORTIZATION, FOREIGN EXCHANGE LOSS (GAIN), FINANCIAL INSTRUMENTS, FINANCING COSTS AND EARNINGS BEFORE INCOME TAXES

Boralex reported $19.4 million in amortization expense for the first nine months of 2009 compared with $18.2 million for the first nine months of 2008, due to the strengthening of the US dollar and the euro against the Canadian dollar and investments in the past year, including the Avignonet-Lauragais wind farm expansion in 2008, the acquisition of the Ocean Falls hydroelectric power station and equipment upgrades in the wood-residue segment. These factors were partially offset by lower output in the wood-residue segment in the third quarter.

Financing costs rose $0.3 million to $10.2 million in the first nine months of 2009. During the first six months of fiscal 2009, Boralex used its cash on hand and greater drawdowns under its credit facilities to fund its construction projects. In addition, returns on short-term investments have been minimal of late. Therefore, Boralex recognized lower investment income and higher interest expense on bank advances. Financing costs were also increased by the Ocean Falls power station acquisition, which includes a purchase price balance. However, these factors were partially offset by debt repayment over the past year.

Net loss (gain) on financial instruments consists mainly of the ineffective portion of derivative 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. Boralex reported a very slight gain on financial instruments for the first nine months of 2009 compared with a slight loss in the same period of 2008.

Boralex also reported a $0.2 million foreign exchange loss in the first nine months of 2009, down $0.8 million from a $0.6 million foreign exchange gain in the same period of 2008.

In light of the foregoing, Boralex posted $15.5 million in earnings before income taxes for the first nine months of 2009 compared with $25.6 million for the same period of 2008.

INCOME TAXES

Boralex reported a $5.8 million income tax expense for the first nine months of 2009 compared with $9.5 million for the same period of 2008. This improvement resulted from lower earnings before income taxes between the two periods.

NET EARNINGS

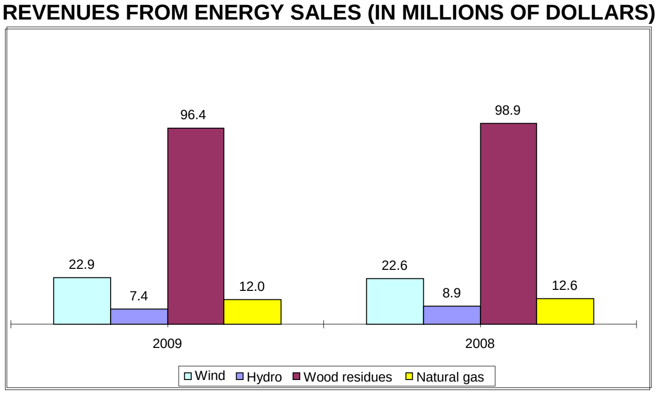
Boralex ended the first nine months of fiscal 2009 with $9.7 million in net earnings or $0.26 per share (basic and diluted) compared with $16.0 million or $0.42 per share (basic and diluted) for the same period of 2008. The weighted average number of shares outstanding stood at 37.7 million for the first nine months of 2009, in line with the same period of 2008.

To sum up, the decline in Boralex's earnings since the beginning of fiscal 2009, and particularly in the third quarter, reflects a more challenging business environment than last year both for the Corporation and for the Fund, marked by lower electricity selling prices on the Northeastern U.S. open market, lower REC prices in Connecticut and a voluntary reduction in output in the wood-residue segment in response to this environment. It should be noted that record high EBITDA posted for the three- and nine-month periods ended September 30, 2008 reflected the impact of particularly high electricity selling prices on the U.S. open market. However, the financial impact of adverse factors was offset by the favourable impact of currency fluctuations and effective strategies as to forward electricity sales—a form of hedging—together with REC sales implemented by Boralex in the wood-residue segment, and lower wood-residue, natural gas and certain other costs.

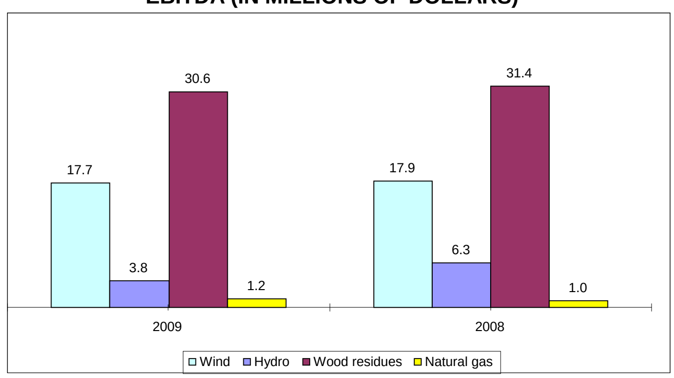
ANALYSIS OF SEGMENTED PERFORMANCE FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009

SEGMENT BREAKDOWN
(cumulative results for the first nine months of 2009)

REVENUES FROM ENERGY SALES (IN MILLIONS OF DOLLARS)



EBITDA (IN MILLIONS OF DOLLARS)[1]



(1) Excluding corporate segment and eliminations.

During the first nine months of fiscal 2009, the wind power segment contributed 16.5% of Boralex's consolidated revenues from energy sales compared with 15.8% for the same period of 2008. This improvement was attributable to a slight increase in wind power segment revenues while the other segments posted lower revenues. The wind power segment generated 33.2% of consolidated EBITDA (before corporate expenses and intersegment eliminations) compared with 31.7% for the same period in 2008.

Lower electricity selling prices in the New York State open market and less favourable water flow conditions in Northeastern North America than in the same period of 2008, particularly during the first quarter of 2009, have had an adverse affect on revenues and EBITDA in the hydroelectric segment since the beginning of fiscal 2009. As a result, the hydroelectric segment's contribution to Boralex's consolidated revenues for the first nine months of 2009 fell to 5.3% from 6.2% for the same period of 2008, while its share of consolidated EBITDA declined from 11.1% to 7.1%.

Difficult market conditions during the third quarter of 2009 led to a slight decline in cumulative results for the wood-residue segment for the nine-month period. Nonetheless, factoring in the decline in consolidated earnings, the wood-residue segment's contribution to consolidated revenues increased to 69.5% for the first nine months of 2009 compared with 69.2% for the same period of 2008, while its share of consolidated EBITDA increased to 57.4% from 55.5%.

Last, the share of quarterly consolidated revenues posted by the natural gas power station for 2009 decreased to 8.7% from 8.8% for the same period of 2008, while its share of consolidated EBITDA increased to 2.3% from 1.7%.

WIND POWER STATIONS

Analysis of major variances in revenues from energy sales and EBITDA:

	THREE-MONTH PERIODS		NINE-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
				(restated)
AS AT SEPTEMBER 30, 2008	**5.9**	**4.4**	**22.6**	**17.9**
Commissioning – expansion of Avignonet-Lauragais wind farm	-	-	0.3	0.2
Pricing	0.1	0.1	0.5	0.5
Volume	(0.1)	(0.1)	(1.5)	(1.5)
Translation of self-sustaining subsidiaries	-	-	0.9	0.8
Maintenance	-	(0.1)	-	(0.1)
Other	(0.1)	(0.1)	0.1	(0.1)
AS AT SEPTEMBER 30, 2009	**5.8**	**4.2**	**22.9**	**17.7**

Wind power segment performance for the third quarter ended September 30, 2009 was essentially unchanged from the same period in 2008. Revenues fell slightly by $0.1 million or 1.7% to $5.8 million due primarily to slightly less favourable wind conditions than in the previous year at most wind power facilities. As a result, the wind power segment generated 39,758 MWh for the first nine months of 2009, down 2.2% from 40,665 MWh for the same period in 2008.

However, these factors were largely offset by the contractual indexation of electricity selling prices. The same elements, combined with an increase of $0.1 million in maintenance costs contributed to a net decline of $0.2 million or 4.5% in EBITDA which stood at $4.2 million for the third quarter of 2009.

The wind power segment posted revenues of $22.9 million and EBITDA of $17.7 million for the first nine months of 2009 compared with $22.6 million and $17.9 million, respectively, for the same period of 2008.

The segment generated 155,677 MWh of electricity for the first nine months of 2009, down 5.0% from 163,818 MWh for the same period in 2008. Excluding the Avignonet-Lauragais wind farm expansion and its new equipment commissioned on April 1, 2008, output at existing wind farms fell 6.5%. Note that, in the first quarter of 2009, output at existing wind farms dropped 23% due to weaker than usual wind conditions, coupled with icy periods requiring frequent equipment shutdowns. This situation was reversed in large part by favourable wind conditions and the strong overall performance of the wind power segment during the second quarter.

In this respect, management wishes to point out that a long-term perspective is required when evaluating wind power performance in a given region. For this reason, Boralex uses historical data from benchmark sites and data collected on-site in the development of its wind power segment budgets and investment projects. This data must cover a sufficiently long period and must be correlated with the data observed directly on the site to be developed over a period longer than 12 months.

Lower output since the beginning of fiscal 2009 resulted in a net shortfall of $1.2 million in revenues and $1.3 million in EBITDA (factoring in the Avignonet-Lauragais expansion), which was offset in large part by the favourable impact of currency fluctuations and the contractual indexation of electricity selling prices.

The segment's EBITDA/revenue margin stood at 77.3% for the nine-month period ended September 30, 2009 (79.2% for the first nine months of 2008) compared with an average EBITDA margin of 38.5% (39.6% in 2008) for all of Boralex's segments.

On July 27, 2009, the Council of State, the final level of appeal in the French legal system, upheld the decision cancelling the building permit for the two-turbine expansion at the Avignonet-Lauragais site. This decision does not jeopardize the power sales contract with EDF nor operation of the expansion. Furthermore, this situation does not place Boralex in default under any credit agreement. A meeting is scheduled in the near future in this regard with the Secretary General of the Department of Haute-Garonne, following which Boralex will apply to the appropriate authorities for an amended building permit. The risk of a complete shutdown of the two wind turbines would arise only if a civil application for the demolition of the expansion were brought, which is not the case at this time.

On September 8, 2009, Boralex entered into a bank financing arrangement with BNP Paribas (Canada) for its Thames River wind farm in Southern Ontario. With this financing, the Corporation can consolidate construction and operations at the four wind farms with a total installed capacity of 40 MW. The financing covers approximately 55% of the total cost of the four projects. Construction is already underway at the first wind farm, which is slated for commissioning by the end of fiscal 2009. Boralex obtained a better rate for this wind power project under new Ontario rules for the promotion of renewable energy.

On September 21, 2009, Boralex entered into a financing arrangement for a 4.6 MW expansion project at its Cham de Cham Longe site in France. The new equipment will be brought on stream by the end of November 2009 and all of the power generated will be sold to EDF under 15-year contracts. This €5.5 million ($8.7 million) financing comes under the June 2007 master agreement, which covers over 82% of the total required investment.

On October 5, 2009, early in the fourth quarter, Boralex entered into a €12.8 ($20.3 million) financing arrangement under its June 2007 master agreement for the construction of its new 9.2 MW wind farm in France which will be commissioned in the second quarter of 2010. The financing covers over 80% of the total investment. All of the power generated will be sold to EDF under 15-year contracts.

(These financing arrangements and developments are described under *Financing Activities* in this MD&A.)

HYDROELECTRIC POWER STATIONS

Analysis of major variances in revenues from energy sales and EBITDA:

	THREE-MONTH PERIODS		NINE-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
AS AT SEPTEMBER 30, 2008	**1.9**	**0.8**	**8.9**	**6.3**
Commissioning – Ocean Falls	0.5	0.2	1.0	0.5
Pricing	(0.8)	(0.8)	(3.4)	(3.4)
Volume	0.1	0.1	(0.6)	(0.6)
RECs	-	-	0.2	0.2
Translation of self-sustaining subsidiaries	0.1	0.1	1.4	1.1
Maintenance	-	(0.2)	-	(0.4)
Other	-	0.1	(0.1)	0.1
AS AT SEPTEMBER 30, 2009	**1.8**	**0.3**	**7.4**	**3.8**

HYDROELECTRIC OUTPUT (MWH)*	ACTUAL 2009	ACTUAL 2008	HISTORICAL AVERAGES
Quarter ended September 30	27,554	21,522	18,690
Nine-month period ended September 30	104,286	97,224	93,794
Annual average			128,502

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

Boralex's hydroelectric segment posted $1.8 million in revenues in the third quarter of 2009, down $0.1 million or 5.3%. Segment EBITDA also declined by $0.5 million or 62.5% to $0.3 million.

These results are mainly attributable to a significant decline of 62.1% in electricity selling prices (in US$) in the New York State open market due to the economic slowdown and lower natural gas prices. However, average selling prices in Canadian dollars fell 26.4% across Boralex's North American hydroelectric segment, largely as a result of currently higher contractual selling prices in Canada than in the U.S. open market, the contribution of the new Ocean Falls power station in British Columbia, and the slightly favourable effect of the Canadian-US dollar exchange rate in the third quarter of 2009 compared with the same period of 2008.

Overall, lower average selling prices resulted in a $0.8 million decline in both quarterly revenues and EBITDA for the segment. In addition, higher maintenance costs had a $0.2 million adverse impact on EBITDA.

On the upside, in addition to the favourable effect of currency fluctuations, segment performance was positively impacted by the addition of the new Ocean Falls power station where Boralex currently operates 2 MW of total installed capacity of 14.5 MW. The performance of this power station to date is in line with management's expectations to optimize the first 2 MW in an initial phase and bring the balance of its installed capacity on stream subsequently. Moreover, output at existing power stations was up 12.5% in the third quarter of 2009. Including the Ocean Falls power station, the hydroelectric segment generated 27,554 MWh of electricity in the third quarter of 2009 compared with 21,522 MWh in the third quarter of 2008, contributing $0.6 million to revenues and $0.3 million to EBITDA. Hydroelectric segment output, including Ocean Falls, surpassed historical averages by 47.4% in the third quarter of 2009. Segment profitability was also positively impacted by the reduction of certain operating costs.

For the first nine months of fiscal 2009, hydroelectric segment revenues declined $1.5 million or 16.9% to $7.4 million, while EBITDA declined $2.5 million or 39.7% to $3.8 million. These decreases are largely explained by a 44.8% drop in the average selling price (in US$) obtained by the U.S. power stations. Average selling prices in Canadian dollars fell 24.7% across the hydroelectric segment, which had a $3.4 million adverse impact both on revenues and on EBITDA.

Lower output had a $0.6 million net adverse effect on both revenues and EBITDA. The addition of the Ocean Falls power station contributed $1.0 million to revenues and $0.5 million to EBITDA. Profitability was also impacted by a $0.4 million increase in maintenance costs.

Nonetheless, excluding the addition of the Ocean Falls power station, segment results were boosted by certain positives, including the favourable impact of foreign currency fluctuations and REC sales under the State of New York voluntary program.

(For further details regarding hydroelectric segment projects, please refer to *Outlook by Segment for Fiscal 2009* in this interim MD&A.)

WOOD-RESIDUE THERMAL POWER STATIONS

Analysis of major variances in revenues from energy sales and EBITDA:

	THREE-MONTH PERIODS		NINE-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
AS AT SEPTEMBER 30, 2008	**37.9**	**13.6**	**98.9**	**31.4**
Pricing	(2.6)	(2.6)	(2.5)	(2.5)
Volume	(6.0)	(2.5)	(7.9)	(2.3)
RECs	(1.4)	(0.9)	(6.2)	(4.5)
Translation of self-sustaining subsidiaries	2.0	0.7	14.4	4.4
Capacity premiums	0.2	0.2	0.3	0.3
Raw material costs	-	1.5	-	1.8
Maintenance	-	0.3	-	1.7
Other	(0.3)	0.4	(0.6)	0.3
AS AT SEPTEMBER 30, 2009	**29.8**	**10.7**	**96.4**	**30.6**

In the third quarter, wood-residue power station revenues totalled $29.8 million, down $8.1 million or 21.4% from $37.9 million for the same quarter in 2008. Excluding the $2.0 million favourable effect of the Canadian dollar's depreciation against its U.S. counterpart, quarterly earnings fell over 27% due to more difficult market conditions than in the previous year linked to the current economic slowdown resulting in a slide in natural gas prices and lower electricity prices. More specifically, the decrease in revenues at constant exchange rates is explained by the following:

- A $6.0 million shortfall due to a 16.0% net decline in electricity output, which totalled 297,851 MWh in the third quarter of 2009 compared with 354,560 MWh in the same period of 2008. Of this decline, approximately 64% resulted from the Stacyville, Maine power station being idle for the whole third quarter of 2009, in contrast to the same quarter of 2008. Note that this power station was shut down in February 2009 due to a slump in electricity market prices, whereas in 2008, the power station operated at full capacity from late June through the end of fiscal 2008. Furthermore, the Chateaugay, N.Y. power station also shut down in early May 2009 owing to weak selling prices and did not restart until August 10, 2009. The power station was thus idle for the first 40 days of the third quarter of 2009. The facility will be shut down on November 1, 2009 and will restart at the end of November. Management will subsequently reassess its options based on market conditions. The Stratton, Maine power station also posted lower output owing to a voluntary slowdown in off-peak periods prompted by sluggish selling prices in the electricity market and the intention to bring forward maintenance projects scheduled for the fall. Output at the Ashland and Fort Fairfield, Maine power stations was relatively unchanged, whereas a 16% increase was recorded at Livermore Falls due to a shorter major maintenance shutdown period than in 2008;
- A 60.3% drop in US$ selling prices in the Northeastern U.S. electricity market. However, forward sales transactions (electricity price financial swaps) concluded in 2008 curtailed the decline in US$ average selling prices at Boralex's power stations to 17.7%. In addition, Boralex entered into a two-year power sales contract at its Fort Fairfield, Maine power station with a set price above current market levels. In the aggregate, lower average selling prices generated a $2.6 million shortfall for the segment; and
- A $1.4 million decline in REC sales to US$8.1 million in the third quarter of 2009, owing primarily to a weakening of REC selling prices in the current economic climate. In addition, production of RECs was down 5.0% due to lower output at the Stratton power station and a shutdown at our Chateaugay facility for much of the quarter. Note that as at November 4, 2009, Boralex had US$26.1 million ($28.0 million) in firm sales commitments for REC

deliveries through December 31, 2012, covering about 90% of its anticipated output for the rest of 2009. Despite temporarily weaker prices than in 2008, management continues to believe in the strong potential of the REC market over the medium and long term.

In addition to the favourable effect of currency fluctuations, these unfavourable factors were partially offset by a $0.2 million increase in capacity premiums.

Quarterly EBITDA for the wood-residue segment totalled $10.7 million, down $2.9 million or 21.3% from $13.6 million for the corresponding period in 2008. The decline resulted primarily from the following unfavourable factors:

- A $2.6 million adverse effect of lower average electricity selling prices, which directly affected EBITDA;
- A $2.5 million unfavourable effect owing to a drop in output. Note, however, that the unfavourable effect of lower output was less marked for EBITDA than for earnings, largely as a result of savings on raw materials achieved by idling or reducing output at certain power stations; and
- A $0.9 million unfavourable effect owing to a drop in REC sales, whose effect on EBITDA was offset by lower selling expenses at the Ashland power station.

However, the impact of the above factors was mitigated by the following:

- A $1.5 million decrease in cost of raw materials, arising primarily from a higher combustion rate compared with the same quarter in 2008 and lower transportation costs as a result of lower fuel prices;
- A $0.7 million favourable effect resulting from the weakening of the Canadian dollar against the U.S. currency;
- A $0.3 million decrease in maintenance costs, due primarily to the idling of the Stacyville power station;
- A $0.2 million increase in capacity premiums; and
- Various other items including non-raw materials savings arising from the idling of the Stacyville power station and reduced chemical usage in the wood-residue segment.

For the nine-month period ended September 30, 2009, wood-residue power station revenues totalled $96.4 million, down $2.5 million or 2.5% from the same period in 2008. Excluding the $14.4 million favourable effect of the Canadian dollar's depreciation against its U.S. counterpart, revenues for the nine-month period ended September 30, 2009 would have been down 17.1%.

The decline was attributable to the same main factors that affected revenues in the third quarter:

- A $7.9 million shortfall from a decline of nearly 9.1% in electricity output to 852,253 MWh in first nine months of 2009 compared with 937,694 MWh in the same period of 2008;
- A $6.2 million decline in REC sales owing to the combined impact of lower average selling prices in the Connecticut REC market and a 7.7% drop in REC output, mainly due to voluntarily reducing off-peak demand output at the Stratton and Livermore Falls power stations and idling the Chateaugay power station until August 10, 2009. Note that REC sales for the first quarter of 2008 included a retroactive amount of approximately $0.6 million attributable to RECs generated in 2007; and
- A $2.5 million adverse effect of lower average electricity selling prices, mainly in the third quarter. Although US$ average selling prices at Boralex's power stations fell by 45.0% between the two periods, electricity price financial swaps curtailed this decline to 5.6%.

EBITDA for the first nine months of fiscal 2009 totalled $30.6 million compared with $31.4 million for the corresponding period of 2008. This $0.8 million or 2.5% decrease stemmed from the same sources as for the quarter, but to a lesser extent. The adverse factors were partially offset by the favourable effect of foreign currency fluctuations, a significant decrease in cost of raw materials and maintenance costs and various other items.

(For further details regarding this segment, please refer to *Outlook by Segment for Fiscal 2009* in this interim MD&A.)

NATURAL GAS COGENERATION POWER STATION

Analysis of major variances in revenues from energy sales and EBITDA:

	THREE-MONTH PERIODS		NINE-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
AS AT SEPTEMBER 30, 2008	**3.2**	**(0.2)**	**12.6**	**1.0**
Pricing	(0.8)	(0.8)	(1.2)	(1.2)
Volume	(0.1)	-	-	-
CO_2 quotas	-	(0.1)	-	0.5
Translation of self-sustaining subsidiaries	-	-	0.6	0.1
Natural gas prices	-	0.9	-	0.8
Other	-	0.1	-	-
AS AT SEPTEMBER 30, 2009	**2.3**	**(0.1)**	**12.0**	**1.2**

In the third quarter of 2009, earnings at the Blendecques, France natural gas cogeneration power station continued to be affected by the decline in steam prices, which curbed revenues and EBITDA by $0.8 million. However, the impact of this factor on EBITDA was readily offset by the lower cost of natural gas, which fuels the Blendecques facility. The power station saw quarterly revenues fall $0.9 million to $2.3 million and posted a $0.1 million operating loss compared with $0.2 million for the same period in 2008.

For the nine-month period ended September 30, 2009, revenues from energy sales at our natural gas power station totalled $12.0 million compared with $12.6 million for the same period in 2008. This decrease stemmed from the $1.2 million adverse effect of lower steam prices owing to a drop in the natural gas prices to which they are indexed. However, this factor was partially offset by the favourable effect of the Canadian dollar's depreciation against the euro over the nine-month period as a whole compared with the same period in the previous year.

The power station posted $1.2 million in EBITDA for the first nine months of 2009 compared with $1.0 million for the corresponding period of 2008. The $1.2 million shortfall arising from the drop in steam prices was readily offset by the drop in natural gas costs, the sale of extra CO_2 quotas in the first quarter of 2009 and the favourable impact of fluctuating currencies. In the first quarter, the power station gave its industrial client a $0.6 million discount on steam deliveries in light of difficult economic conditions. Under the agreement, Boralex could recover this amount over the upcoming quarters through various offsetting mechanisms.

Note that since 2005, the power station has operated its cogeneration equipment for the five-month winter period only, that is, from November 1 to March 31.

ANALYSIS OF MAJOR CASH FLOWS FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009

OPERATING ACTIVITIES

During the third quarter of 2009, the Corporation reported $9.2 million or $0.24 per share in cash flows from operating activities compared with $13.9 million or $0.36 per share for the same quarter in 2008. This $4.7 million decrease resulted mainly from the decline in EBITDA, excluding non-cash items such as the share of Boralex in the results of the Fund and renewable energy tax credits. The change in non-cash working capital items reflected $13.3 million in cash outflows compared with $10.8 million for the corresponding period of the previous year. Cash outflows in the third quarter of 2009 arose mainly from the settlement of accounts payable and accrued liabilities due on June 30, 2009 in connection with Phase I construction work at the Thames River, Ontario wind power site. As a result, operating activities in the third quarter of 2009 used $4.1 million in net cash flows, whereas they generated $3.1 million in net cash flows in the same quarter of 2008.

Year to date, the Corporation reported $36.1 million or $0.96 per share in cash flows from operating activities compared with $44.1 million or $1.17 per share for the same period in 2008. This $8.0 million decline resulted primarily from the decrease in EBITDA discussed above, lower distributions received from the Fund and higher current income taxes triggered by the depletion of our U.S. power stations' tax loss carryforwards in fiscal 2008. The change in non-cash working capital items generated $0.1 million in cash inflows, whereas it reflected $7.4 million in cash outflows in the corresponding period of the previous year. The cash flows generated in 2009 resulted mainly from lower accounts receivable arising from lower REC output and prices, and a drop in electricity selling prices in the wood-residue segment. Accordingly, operating activities for the first nine months of 2009 generated $36.2 million in cash flows compared with $36.7 million for the same period of 2008.

INVESTING ACTIVITIES

In the third quarter of 2009, Boralex made net investments totalling $28.9 million compared with $15.0 million during the same period in 2008. Under the investment strategy implemented by the Corporation to deal with current economic conditions, almost all investments for the period were allocated to projects that will generate cash flows in the next 12 months.

Main investments during the quarter were as follows:

- Additions to property, plant and equipment totalling $25.4 million, including $21.6 million for construction of the 40 MW Phase I of the Thames River wind farm, whose commissioning has begun and will continue over the coming weeks, and $2.4 million for expansion at the Cham de Cham Longe, France wind power site. The remaining additions to property, plant and equipment over the quarter were in the hydroelectric segment (particularly for the optimization of our new Ocean Falls power station), the wood-residue segment (mainly to upgrade equipment at the Stratton power station) and at head office;
- Development projects amounting to $2.6 million, consisting of $2.2 million for Phase II of the Thames River wind power site and $0.4 million for the Seigneurie de Beaupré wind farm; and
- Other investments totalling $1.2 million, consisting mainly of the acquisition cost for additions to crushing equipment, net of amounts received from leasing the equipment to wood-residue suppliers.

Year to date, Boralex has made net investments totalling $82.8 million compared with $45.7 million for the first nine months of 2008, consisting of the following:

- $60.1 million in additions to property, plant and equipment, mostly for construction of Thames River Phase I, with the remainder for expansion of a wind farm in France and various additions to equipment, mainly for productivity upgrades in the wood-residue segment and the optimization of the newly acquired Ocean Falls hydroelectric power station;
- $8.7 million for the Corporation's development projects, primarily for deposits on turbine purchases for the 20 MW Phase II of the Thames River wind farm;
- $7.0 million in other investments, consisting mainly of the acquisition cost for additions to crushing equipment, net of amounts received from leasing the equipment to wood-residue suppliers;
- $4.8 million in business acquisitions, including the initial cash payment of $4.5 million for the April 6, 2009 acquisition of the Ocean Falls hydroelectric power station. The total purchase price is $19.0 million. In addition to the initial $4.5 million instalment, an additional $5.0 million will be paid on April 1, 2010 with the balance payable on April 1, 2011. Under the purchase agreement, if Boralex arranges financing for the project before April 1, 2011, the net proceeds of that financing will be applied against the balance of the purchase price payable. Note that to complement this transaction, Boralex also acquired the development rights for two other hydroelectric projects in the same area, totalling 10 MW;
- $1.2 million in reserves set aside for upgrades at the Ocean Falls power station; and
- $1.0 million paid as part of the acquisition of the remaining minority interest in Forces Motrices Saint-François.

FINANCING ACTIVITIES

Financing activities for the third quarter ended September 30, 2009 generated $22.9 million in net cash flows, whereas they used $7.2 million in net cash flows for the same period of 2008. The Corporation has secured $36.1 million in additional long-term financing (before $2.3 million financing costs), of which $33.0 million is earmarked for wind power projects in Ontario and the remainder for projects in France. Financing activities for the quarter consisted mainly of the following:

– On September 8, 2009, Boralex entered into a bank financing arrangement with BNP Paribas (Canada) for its Thames River wind farm in Southern Ontario. With this financing, which precludes recourse against Boralex, the Corporation can consolidate construction and operations at the four wind farms, with a total installed capacity of 40 MW. The financing covers approximately 55% of the total cost of the four projects. Construction is nearly complete at these sites, and the first wind farm is slated for commercial commissioning in November 2009. The financing, repayable without penalty at Boralex's option, will be amortized over a 19-year period, despite its September 4, 2014 maturity. Since it opted for an interest rate swap, Boralex will obtain an initial fixed interest rate of approximately 6.4%.

– On September 21, 2009, Boralex entered into a financing arrangement for a 4.6 MW expansion project at its Cham de Cham Longe, France site. The new equipment will be commissioned by the end of November 2009. This €5.5 million ($8.7 million) financing comes under the June 2007 master agreement, which covers over 82% of the total required investment. The financing arrangement, with an average cost of borrowing of about 5%, will meet Boralex's liquidity requirements for a 15-year period. Note that Boralex holds 51% of the shares of Boralex Cham Longe II S.A.S., which owns the construction and operating rights to this wind farm. Moreover, Boralex intends to exercise its purchase option to acquire the minority interest.

– On October 5, 2009, Boralex entered into a financing arrangement with BNP Paribas for its new wind power site in France, the acquisition of which is subject to suspensive conditions announced in July. The total investment amounts to $25.1 million (€15.9 million), of which approximately $20.3 million (€12.8 million) is immediately available for project funding within the scope of the June 2007 master financing agreement. This financing covers over 80% of the total investment and will meet Boralex's liquidity requirements for a 15-year period at an average borrowing cost of approximately 5%. This 9.2 MW wind farm, in the French department of la Somme near the Nibas and Chépy sites, will be equipped with four Enercon E82 turbines rated at 2.3 MW each. The site is slated for commercial commissioning in the second quarter of 2010. All of the power generated will be sold to EDF under 15-year long-term agreements.

Moreover, Boralex repaid $9.8 million in existing long-term debt, as well as $1.1 million in short-term bank loans.

Year to date, financing activities have generated $26.0 million in net cash flows, whereas they used $15.7 million in net cash flows for the same period of 2008. Apart from $36.1 million in new financing entered into in the third quarter of 2009 and $2.5 million in financing costs, the Corporation's financing activities consisted mainly of a $13.2 million increase in its short-term bank loan and a $20.8 million repayment of its long-term debt.

Further, since the beginning of the fiscal year, the fluctuation of the Canadian dollar against the euro and US dollar curtailed cash and cash equivalents by $10.9 million (including $4.1 million in the second quarter of 2009). Total changes in cash and cash equivalents for the nine-month period reflected a $31.6 million cash outflow. As a result, cash and cash equivalents totalled $37.6 million as at September 30, 2009 compared with $69.2 million as at December 31, 2008.

In short, cash flows for the first nine months of fiscal 2009 show that Boralex has maintained significant capacity to generate cash flows from operations despite less favourable operating conditions than in the previous year, and has managed its investments and capital structure prudently in line with objectives in the current economic environment. In addition, the Corporation's success in securing the latest financing despite the current constraints of global financial markets underscores the quality of the projects that Boralex develops and will afford it greater financial flexibility to meet its strategic objectives in Europe and North America.

FINANCIAL POSITION AS AT SEPTEMBER 30, 2009

ASSETS

Changes in key balance sheet elements between December 31, 2008 and September 30, 2009 primarily reflect investing and financing activities for the period, as well as the impact of the fluctuation of the Canadian dollar against the U.S. currency and the euro.

As at September 30, 2009, Boralex posted total assets of $610.8 million compared with $623.0 million as at December 31, 2008. This decline resulted from the decrease in short-term assets discussed in the *Working Capital* section below. However long-term assets increased $27.8 million to $521.6 million from $493.8 million, due principally to the following:

- A $24.7 million net increase in the value of property, plant and equipment, owing to $71.0 million in additions to property, plant and equipment during the period (in large part for Phase I of the Thames River, Ontario wind power project and the new Ocean Falls power station), net of $17.7 million in amortization expense for the period. In addition, the Canadian dollar's appreciation against its U.S. counterpart and the euro from December 31, 2008 to September 30, 2009 resulted in a reduction of the value of the assets of $28.0 million; and
- A $10.3 million net increase in the value of other assets following the Ocean Falls acquisition, investments over the period in leasing agreements for crushing equipment and in development projects, and the increase in restricted funds. The impact of this increase was partially offset by a decrease in renewable energy tax credits, a decline in fair value of derivative financial instruments and a $7.6 million adverse affect of foreign currency fluctuations.

Long-term assets fell $40.0 million to $89.2 million as at September 30, 2009, owing primarily to the following:

- A $31.6 million decrease in cash and cash equivalents resulting from the use of a portion of the Corporation's cash resources to meet certain liquidity requirements for the period, combined with the $10.9 million adverse effect of translation adjustments; and
- A $10.7 million decrease in accounts receivable resulting primarily from lower REC output and prices, and a drop in electricity selling prices.

WORKING CAPITAL

As at September 30, 2009, the Corporation posted working capital totalling $25.8 million with a ratio of 1.41:1 compared with $70.2 million and a ratio of 2.19:1 as at December 31, 2008. This decrease was attributable to the following factors:

- The aforementioned decrease in cash and cash equivalents and accounts receivable; and
- The $13.2 million short-term bank loan contracted by the Corporation.

These factors were partially offset by a $4.5 million decrease in accounts payable and accrued liabilities.

TOTAL DEBT AND SHAREHOLDERS' EQUITY

As at September 30, 2009, the Corporation's total debt amounted to $212.8 million compared with $187.4 million as at December 31, 2008. This $25.4 million increase resulted form the long-term financing secured in the third quarter discussed above (net of year-to-date repayments of existing long-term debt), the short-term bank loans contracted by the Corporation and $14 million in new debt related to the Ocean Falls acquisition. However, the euro's weakening against the Canadian dollar also resulted in a decrease in long-term debt of approximately $15.0 million.

Net of cash and cash equivalents, excluding deferred financing costs, total net debt was $175.2 million as at September 30, 2009 compared with $118.2 million as at December 31, 2008.

Moreover, despite net earnings for the nine-month period, shareholders' equity fell $29.2 million or 8.1% to $333.5 million as at September 30, 2009 from $362.7 million as at December 31, 2008. This decline resulted from a $39.3 million unfavourable variance in accumulated other comprehensive income owing to the depreciation of the euro and US dollar against the Canadian currency, and the change in fair value of hedging instruments, as the gains realized during the period and reclassified in the balance sheet or statement of earnings exceeded the net appreciation of future portions.

As a result, the total net debt to capitalization ratio (total net debt plus shareholders' equity) rose to 35.3% as at September 30, 2009 from 25.3% as at December 31, 2008.

Given Boralex's share price, which was $9.00 as at September 30, 2009, the net debt to enterprise value ratio was 34.9% as at that date compared with 30.1% as at December 31, 2008 when the share price stood at $7.55.

As at September 30, 2009, the Corporation had an undrawn balance of approximately €169 million ($266 million) under the €265 million master financing agreement entered into with BNP Paribas in Europe in June 2007, which is available for wind power projects in France through December 31, 2010. As previously discussed in the MD&A, on September 21, 2009, Boralex entered into a €5.5 million ($8.7 million) financing arrangement under its master financing agreement for the 4.6 MW expansion of its wind farms in France. With construction already underway onsite, commercial commissioning is scheduled for November 2009.

In addition, on October 5, 2009, early in the fourth quarter, Boralex entered into a financing arrangement for its new 9.2 MW wind farm to be built in France and commissioned in the second quarter of 2010, representing an investment of $25.1 million (€15.9 million). An amount of approximately $20.3 million (€12.8 million) is immediately available for project funding within the scope of the June 2007 master financing agreement. This financing covers over 80% of the total investment and will meet Boralex's liquidity requirements for a 15-year period at an average borrowing cost of approximately 5%.

Given the letters of credit already issued and the value of Boralex Power Income Fund units held by Boralex, the Corporation has a borrowing capacity of approximately $8.3 million under the revolving credit facility.

On September 8, 2009 in Canada, Boralex entered into a bank financing arrangement with BNP Paribas (Canada) for its Thames River wind farm in Southern Ontario, paving the way for the consolidation of construction and operations at the four wind farms, with a total installed capacity of 40 MW. The financing covers approximately 55% of the total cost of the four projects. The financing, repayable without penalty at Boralex's option, will be amortized over a 19-year period, despite its September 4, 2014 maturity. Since it opted for an interest rate swap, Boralex will obtain an initial fixed interest rate of approximately 6.4%. The entire project will require outlays of approximately $105 million, of which about $90 million has already been disbursed by Boralex.

SUBSEQUENT EVENT AS AT SEPTEMBER 30, 2009

On October 21, 2009, the Corporation announced that it had secured a better wind power rate for its projects that qualify for the Renewable Energy Standard Offer Program (RESOP) under new Ontario rules for the promotion of renewable energy.

As a result, the rate for the first four Boralex wind farms at the Thames River site in Southern Ontario will be $121 per MWh instead of the current rate of $110 per MWh under the RESOP program. The new rules also allow Boralex to recover 100% of the grant under the federal ecoEnergy program, which represents an additional $10 per MWh instead of $5 (or 50% of the eligible amount), as set out in the original program. This change will have a favourable impact on annual revenues of approximately $1.7 million. Commissioning of the wind farms is underway and will continue in the upcoming weeks.

Furthermore, five other projects of the Corporation would qualify under Advanced RESOP rules, adding 50 MW of installed capacity under the same conditions, provided that project facilities are commissioned prior to December 31, 2010.

OUTLOOK BY SEGMENT FOR THE UPCOMING QUARTERS

Although it will be difficult to match our 2008 record operating results in 2009, Boralex Management expects strong overall performance in most of its segments despite difficult economic conditions.

WIND POWER SEGMENT

From now until year-end 2009 and throughout 2010, this segment will get a boost from the contribution of the four wind farms in the Thames River project in Southern Ontario, with a 40 MW installed capacity, for which financing was recently secured.

This segment will likely improve its productivity in France with the 4.6 MW Cham de Cham Longe expansion, for which the new equipment will be commissioned by the end of November 2009. With regard to subsequent quarters, on October 5, 2009, Boralex announced it had secured financing to build and operate an eighth wind farm in France, with an installed capacity of 9.2 MW.

Coupled with expansion at the Cham de Cham Longe site, the commissioning of this new wind farm, slated for the second quarter of 2010, will increase Boralex's total installed capacity in the wind power segment in France to over 120 MW. All of the power generated by these two projects will be sold to EDF under 15-year contracts.

Wind power projects are described in the *General Outlook* section of this interim MD&A.

HYDROELECTRIC SEGMENT

Although this segment is currently adversely affected by electricity price declines in the New York State open market, this factor is being partially offset by the recent acquisition of the Ocean Falls power station. The hydroelectric segment output, however, is difficult to forecast, since it primarily depends on water flow conditions. Note however that the segment benefits from a low and generally fixed cost structure.

Apart from the effective management of current operations, in 2009, the hydroelectric segment will focus on optimizing operations at the new Ocean Falls power station, which are fully integrated into the remote control centre at Kingsey Falls, Québec. A portion of the output of this power station is sold to British Columbia Hydro ("BC Hydro") under a long-term power sales contract. Given its hydroelectric potential, the installed capacity of this power station could be increased to more than 35 MW. At the same time, Boralex acquired the development rights for two other hydroelectric projects in the same region, representing an additional 10 MW. Boralex intends to develop the high additional potential of this power station over the medium term.

The Corporation will also invest approximately $3 million between 2009 and 2011 to upgrade the dam and related systems, of which $0.8 million has already been disbursed in 2009.

WOOD-RESIDUE THERMAL POWER SEGMENT

Electricity selling prices in the Northeastern U.S. open market have dropped sharply since the end of the third quarter of 2008, tracking declines in demand and gas prices resulting from the economic slowdown. Boralex management expects electricity selling prices to gradually increase from current levels without rapidly matching their record peak in 2008.

However, given that that Boralex has implemented forward sales contracts and hedging mechanisms in recent years, it has locked in, for fiscal 2009, the equivalent of 69% of the expected output at the Ashland, Stratton and Livermore Falls power stations at set rates exceeding current market prices. For 2010, the Corporation holds electricity swap contracts covering nearly 55% of anticipated output. A new two-year power sales contract was also entered into on March 1, 2009 for the Fort Fairfield power station at a rate above current market prices.

Lastly, the Stacyville power station, whose contract was up for renewal in February 2009, was shut down and is expected to remain idle indeterminately. The Chateauguay power station, which was restarted on August 10 and ran until October 31, will be restarted again at the end of November 2009. Management will subsequently reassess its options based on market conditions.

With respect to wood-residue supplies, transportation costs have been falling in recent months and, with its crushing equipment (chippers) acquisition and leasing strategy, the Corporation expects to benefit from continuous and sufficient supplies in upcoming quarters. In addition, Boralex's six power stations now qualify for the Biomass Crop Assistance Program ("BCAP"), under which grants are given to wood-residue suppliers and consumers to transform this raw material into, among other things, electrical power. The Corporation is currently in the process of assessing the impacts of this program.

It is also the Corporation's strategy to adjust its wood-residue power output to market conditions, thereby ensuring some flexibility in managing costs.

Although REC market prices have fallen since the end of 2008, Boralex believes that this market's potential remains unchanged. Note that as at November 4, 2009, Boralex had US$26.1 million ($28.0 million) in firm sales commitments for REC deliveries through December 31, 2012, covering 90% of its anticipated output for 2009. In management's opinion, these commitments, together with the aforementioned electricity sales forward contracts, will drive sufficient profitability for the wood-residue segment in the upcoming quarters. Boralex management believes that the REC market outlook remains particularly encouraging over the medium and long term, especially since Connecticut has not only extended the REC program to 2020, but also announced that the minimum green energy portion imposed on distributors will rise to 20% by 2020, compared with 1.5% when the program was launched in 2005 and 7% in 2010.

Moreover, the current financial crisis tends to limit the entry of new competitors to the REC market over coming quarters, which could help maintain and even bolster prices.

Generally, Boralex will move forward with optimization initiatives to enhance profitability in this segment.

Lastly, the Corporation will claim renewable energy tax credits until the program's anticipated December 31, 2009 end date. These credits generated $12.5 million and $10.4 million in revenues for 2008 and the first nine months of 2009, respectively. Note that the unit rate for these credits was increased by 10% in the second quarter of 2009. In collaboration with the Biomass Power Association, Boralex continues to lobby U.S. federal authorities to extend this program beyond its current end date. Despite lobbying to this end, it is currently difficult to assess the likelihood of the program's extension beyond 2009. A decision in this regard is expected by the end of fiscal 2009.

NATURAL GAS THERMAL POWER STATION

For our natural gas power station in France, the current economic slowdown could mainly result in some volatility in steam purchases by its industrial client and more sluggish demand for sales of its excess CO_2 quotas. To this end, Boralex discounted its steam price by approximately €400,000 for deliveries in the first quarter of 2009. Under the agreement, Boralex could recover this amount over the upcoming quarters through various offsetting mechanisms. Electricity sales, however, are expected to remain in line with 2008 levels. As in the past, in view of high natural gas prices in France, the cogeneration equipment at the Blendecques power station was shut down again in April and, as regards power generation, the facility has remained idle until November 1, 2009.

GENERAL OUTLOOK

MANAGEMENT COMMENTARY ON THE CURRENT ECONOMIC SITUATION

The current global economic and financial crisis and stock market volatility are of concern to Boralex. However, management believes that certain aspects inherent in the Corporation's operations, expertise and assets, as well as its capital structure and risk management mechanisms, and changes in its industry, help mitigate its business risks in an economic slowdown, and could even spark a number of opportunities. Management would like to underscore the following main factors:

- Currently, more than 48% of the Corporation's total installed capacity is covered by long-term power sales contracts ranging from 20 months to 15 years. In particular, these contracts currently cover all the wind farms, as well as the natural gas thermal cogeneration power station in France, two hydroelectric power stations in Québec, the new hydroelectric power station in British Columbia, and a hydroelectric power station and a wood-residue power station in the U.S. The clients served by these power stations are EDF, Hydro-Québec, BC Hydro and New Brunswick Power, which are regulated public utility companies with very high credit ratings, as well as Niagara Mohawk Power in the U.S. The portion of Boralex's installed and operating capacity under long-term contracts will rise to over 54% by the end of fiscal 2009 with the expansion of the Cham de Cham Longe, France wind farm and, in particular, the commissioning of the first wind power turbines at the Thames River site in Southern Ontario with a total capacity of 40 MW, which are covered by 20-year power sales contracts with the Ontario Power Authority, a crown corporation**.** The expected commissioning in the second quarter of fiscal 2010 of an eighth 9.2 MW wind power site in France with a 15-year contract with EDF will increase the percentage of Boralex's installed and operating capacity under long-term contracts to 56%. With respect to assets under long-term contracts primarily in the wind power and hydroelectric segments, current business risk exposures are mainly climate-related and depend little on prevailing economic conditions. However, tighter access to credit due to the current financial crisis could limit future development in these segments if conditions were to prove other than temporary (the Corporation's development projects are discussed later in this section). The 52% of Boralex's current installed capacity not covered by long-term contracts consists primarily of the five thermal power stations in the wood-residue segment and four hydroelectric power stations, all of which are located in the Northeastern U.S. and sell their power in the open market. Boralex has implemented certain measures to alleviate the impact of the economic slowdown on the performance of several of its power stations, as discussed below in this section. In addition, these power stations are practically debt free.
- Unlike several global energy industry players operating mainly in project development, Boralex, which has some development expertise, specializes first and foremost in operating energy assets, with a near 20-year track record. Over the years, Boralex has built a 365 MW, 22-site portfolio whose performance and reliability it has tirelessly optimized by developing leading-edge expertise, high-performance management tools and effective operating strategies. Furthermore, the Corporation's assets are diversified both in terms of the types of renewable power generation and geographic dispersion, which mitigates operating risks. As a result, Boralex has a high-quality asset portfolio that generates significant and predictable operating profits and cash flows.
- Boralex's ability to raise substantial cash from operations is a major asset in managing its capital and planning its projects. As at September 30, 2009, Boralex enjoyed a solid financial position with $37.6 million in cash resources and a total net debt ratio representing less than 35.3% of its book capitalization and 34.9% of its enterprise value.
- Boralex operates in what is arguably the most promising energy market niche: green and renewable energy. Supporting and providing incentives for development in this niche is a common policy platform for governments of most industrialized nations, including E.U. Member States and the current U.S. administration.
- Lastly, the current crisis has its share of advantages and could create opportunities for Boralex. For instance, recent declines in oil prices, prime rates and equipment prices, including wind power turbines, could be beneficial to the operating profitability of certain power stations and the Corporation's future development project costs. In addition, the current credit crisis will likely result in sales of development projects or operational energy assets, which Boralex could buy at attractive prices, capitalizing on its strong financial position and extensive operating expertise.

CORPORATE DEVELOPMENT PROJECTS IN PROGRESS AND INVESTMENT STRATEGY IN THE CURRENT ENVIRONMENT

Boralex management recently adjusted its investment strategy in light of the prevailing economic uncertainty. Accordingly, until the current crisis dissipates, the Corporation will mainly target development projects providing potential for a short-term return on investment and/or requiring a reasonable financial commitment from it. Currently, the Corporation's main projects are as follows:

- *Commissioning of Phase I (40 MW) of the 90 MW Thames River wind farm in Southern Ontario*: In addition to the financing arrangement entered into on September 5, 2009, commissioning of the first four wind farms with an installed capacity of 40 MW is underway and will continue in the upcoming weeks. Boralex is moving ahead with the financing arrangements required to commission Phases II and III at this site, with a total capacity of 50 MW. On October 21, 2009, the Corporation announced that it had secured a better wind power rate for its projects that currently qualify for the RESOP program under new Ontario rules for the promotion of renewable energy.

As a result, the rate for the first four Boralex wind farms at the Thames River site in Southern Ontario will be $121 per MWh instead of the current rate of $110 per MWh under the RESOP program. The new rules also allow Boralex to recover 100% of the grant under the federal ecoEnergy program, which represents an additional $10 per MWh instead of $5 (or 50% of the eligible amount), as set out in the original program. This change will increase annual revenues by approximately $1.7 million. Commissioning of the wind farms is underway and will continue in the upcoming weeks.

Furthermore, five other projects of the Corporation would qualify under Advanced RESOP rules, adding 50 MW of installed capacity under the same conditions, provided that project facilities are commissioned prior to December 31, 2010.

– _The commissioning of an eighth wind farm of 9.2 MW in France_: This newly announced development project, for which financing was recently secured, will increase Boralex's total installed capacity in the wind power segment in France over to 120 MW by June 2010. Note that this site will comprise four wind turbines with a capacity of 2.3 MW each. This new development project demonstrates the Corporation's capacity to carry out and complete an acquisition and financing process despite difficult global economic and credit conditions.
– _272 MW Seigneurie de Beaupré wind farm projects:_ In July 2009, Boralex and Gaz Métro Limited Partnership (the "Consortium") jointly announced the issuance of a decree by the Québec government granting environmental approval of two wind power projects with a total installed capacity of 272 MW to be built and commissioned in 2013 in the Seigneurie de Beaupré wind farms. Having successfully completed the key step of obtaining environmental approvals, the Consortium can now move ahead with applications for construction permits and site development. The commissioning of these projects, jointly developed by Boralex and Gaz Métro, is slated for the end of 2013, with the main cash outlays earmarked for 2012 and 2013 in particular. This timeline provides the partners with a certain measure of financial leeway to decide on the timing for the financing required to carry out the project.
– _Hydroelectric project in British Columbia:_ Boralex aims to initially optimize the 2 MW currently being generated by this newly acquired Northern B.C. power station, with an installed capacity of 14.5 MW, and subsequently bring on stream the additional 12.5 MW. The upgrades required to develop this power station to its full potential and execute the development rights for two other hydroelectric projects in the same area, representing an additional 10 MW, are scheduled over a medium-term horizon.

Moreover, Boralex is closely monitoring development project acquisition opportunities for which long-term power sales contracts and financing arrangements are already in place and/or, where possible, energy assets are already operational. The Corporation's search initiatives mainly target Canada as well as France, where the Corporation can draw down up to $265.8 million (€169.4 million) under a financing facility (taking into account the upcoming financing of the eighth wind power site in France) until the end of 2010.

Despite the current financial crisis, Boralex also continues to map out its longer-term future. For instance, the Corporation is currently working on a portfolio of development projects, including a pilot gasification project in Québec, laying the groundwork to potentially facilitate the implementation of a solar energy generation facility in France and a wind power project in Italy. However, in line with its investment strategy in response to current economic conditions, the Corporation is moving forward with extreme prudence with these projects, which do not require any significant cash outlays, or major financial or other commitments.

In short, with hedging instruments implemented in the wood-residue segment, the contribution of the new hydroelectric power station in B.C. and the expected expansion in its wind power segment (assuming normal climate conditions), management anticipates that its cash flows for the remainder of fiscal 2009 and subsequent quarters will allow Boralex to meet its cash requirements for ongoing operations. In general, given current economic conditions, Boralex will continue as it has always had to take a rigorous and highly disciplined approach to its investment projects and to the management of its assets. Its main objectives for fiscal 2009 are to:

- Maximize operating income generated by its power stations as well as cash flows from operations, through the rigorous management of its operations and the informed management of its business risks;
- Optimize its sources of financing, including non-traditional sources;
- Complete the development and commissioning of its first 40 MW Ontario wind farms and move ahead with the construction of its eighth wind power facility in France;
- Remain open to acquisition opportunities available in the market, particularly those with short-term return potential; and
- Continue to focus on and pursue initiatives to consolidate its long-term leadership position in the green and renewable energy market.

Boralex's outlook is positive in the longer term, thanks to the quality and diversification of its assets and its expertise in green and renewable energy production, reflecting a growing worldwide trend. Boralex will continue to prudently capitalize on opportunities that arise in its fields of expertise while keeping abreast of new technologies and paying close attention to the responsible management of its operating costs, business risks and capital structure.

CAPITAL STOCK INFORMATION

As at September 30, 2009, Boralex's capital stock consisted of 37,740,921 Class A shares issued and outstanding, unchanged from December 31, 2008. There were 1,337,610 stock options outstanding as at September 30, 2009, of which 746,707 were exercisable.

Between September 30, 2009 and November 11, 2009, 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 September 30, 2009, the Corporation had entered into three electricity-related financial swaps for total deliveries of 375,840 MWh over periods of 3 to 17 months. All financial electricity swaps as at September 30, 2009 were designated as hedges of future variable cash flows related to future deliveries of electricity, and their favourable fair value amounted to $10.5 million (US$9.8 million). These contracts qualify for hedge accounting.

INTEREST RATE RISK

The Corporation carries long-term debts bearing interest at variable rates. As at September 30, 2009, approximately 83% 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 12% of total debt. As at September 30, 2009, the nominal balance of these swaps stood at $153.8 million (€75.1 million and $36.0 million) while their unfavourable fair value was $5.9 million (€3.4 million $0.6 million).

The Corporation does not plan to sell these instruments, since they were entered into in order to reduce the Corporation's risk related to interest rate fluctuations. Therefore, the fact that fair value is favourable 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.

FOREIGN EXCHANGE RISK

In the normal course of business, Boralex is not significantly exposed to currency fluctuations because its foreign operations are self-sustaining and the Corporation prefers to retain its liquid assets to develop these subsidiaries. However, the turbine supplier for the 40 MW Phase I of the Ontario Thames River wind power project is European, which means that purchases will be paid in euros, whereas site operations will generate cash flows in Canadian dollars. To protect the expected project return, the Corporation has entered into foreign exchange forward contracts in 2008, setting an exchange rate of approximately 1.42 Canadian dollar per euro purchased. As at September 30, 2009, the entire foreign exchange gain realized on the settlement of the options, combined with a subsequent increase in value of the resulting cash amount in euros, was reclassified in the balance sheet as a reduction of the cost of turbines. To complete hedging of electricity purchases from these turbines, in the second quarter of 2009, the Corporation entered into foreign exchange forward contracts with a set exchange rate of approximately 1.56 Canadian dollars per euro paid. These contracts with settlement dates ranging from October 1 to October 30, 2009 have all been designated in hedging relationships. Accordingly, a $0.1 million unrealized before tax gain as at September 30, 2009 related to these contracts was recognized in *Other comprehensive income*.

In the second and third quarters of 2009, Boralex also undertook to exchange US dollars for Canadian dollars at the rate of 1.1254 every two weeks from June 25, 2009 to February 17, 2011 to hedge its wood-residue purchases in Canadian dollars from a U.S. subsidiary against an appreciation of the Canadian dollar. Hedge accounting was used by Boralex for all its foreign exchange contracts, resulting in the recognition, as at September 30, 2009, of a $0.4 million unrealized before tax exchange gain in *Other comprehensive income*.

RELATED PARTY TRANSACTIONS

In addition to holding 23.3% of the Fund's trust units, the Corporation, through one of its wholly owned subsidiaries, is linked to the Fund under long-term management and administration contracts. For the nine-month period ended September 30, 2009, these management and administration agreements generated $4.1 million ($4.0 million in 2008), while its share of the Fund's results amounted to $3.0 million ($6.2 million in 2008). Lastly, Boralex received Fund distributions totalling $7.2 million ($7.9 million in 2008).

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 nine months of 2009, revenues from this division totalled $7.5 million ($8.6 million in 2008).

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 nine months of 2009, revenues from this agreement totalled $0.4 million ($0.3 million in 2008).

As part of the acquisition of minority interests in Forces Motrices Saint-François (see note 11 to the financial statements), a $0.3 million (€0.2 million) interest was purchased from Bernard Lemaire, Executive Chairman of the Board of Boralex Inc. His interest in this company represented 8% of its capital stock. This transaction was carried out on the same basis as for the arm's length shareholders.

Related party transactions are recorded at the exchange value, which corresponds to the amount negotiated and agreed to by the related parties in the normal course of business. The terms and conditions are comparable to those that would have been established by non-related parties.

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies are discussed in the MD&A section of the Corporation's 2008 annual report. No new commitments or significant contingencies arose during the nine-month period ended September 30, 2009.

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, 2008.

CHANGES IN ACCOUNTING POLICIES

New accounting policies adopted in 2009

GOODWILL AND INTANGIBLE ASSETS

Effective January 1, 2009, Boralex adopted Canadian Institute of Chartered Accountants ("CICA") *Handbook* Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The primary reason for the issuance of this new standard is to provide clarity on the recognition and measurement of internally developed intangible assets, including research and development costs. Section 3064 reinforces a principle-based approach whereby assets are only accounted for if they meet the definition of an asset and the criteria for such classification. Following the application of this standard in 2008, *Other assets* decreased by $0.5 million, *Future income tax liabilities* decreased by $0.2 million and *Retained earnings* decreased by $0.3 million (see note 2 to the interim consolidated financial statements).

CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In January 2009, the CICA Emerging Issues Committee issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. EIC-173 provides guidance on determining the fair value of financial assets and financial liabilities, whereby the Corporation's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments.

This standard applies retrospectively, without restatement of prior periods, to interim and annual financial statements issued on or after January 20, 2009. As a result of the application of this new recommendation, on January 1, 2009, the fair value of derivative financial instruments presented under assets decreased by $0.8 million, the fair value of derivative financial instruments presented under liabilities decreased by $0.1 million, future income tax assets increased by $0.2 million and accumulated other comprehensive income decreased by $0.5 million.

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. 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 to 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 periods beginning on or after January 1, 2011.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, will be superseded by IFRS for fiscal years beginning on or after January 1, 2011. In the year of adoption, companies will be required to provide comparative information as if the financial statements for the preceding year had been prepared in accordance with IFRS. The transition from Canadian GAAP to IFRS will be applicable to the Fund's first quarter of operations for fiscal 2011. These will require additional financial statement disclosures.

In order to reach our goal of converting the consolidated financial statements to IFRS, Boralex has established its conversion plan, including phases and timetables, set up and trained its project team and formally developed a project structure.

Boralex has completed the first phase of its conversion plan, which included scoping to identify key accounting standards likely to have an impact on the conversion to IFRS and the choices available to Boralex. In particular, these standards include:

- Property, plant and equipment
- Presentation of financial statements
- Consolidation and business combinations
- Financial instruments

Boralex's multidisciplinary IFRS team is currently in the second phase of the project which involves the design and development of a complete work plan to measure the differences between IFRS and Canadian GAAP, and their impacts on the financial statements and disclosures. The team will then recommend accounting policy choices and implement each IFRS standard. Boralex retains the services of an external consulting firm for assistance with each of these steps.

A steering committee comprised of members of senior management and the President of the Audit Committee, will approve accounting policy choices and ensure that IT, contractual and internal control adjustments are made. The external auditors will be notified and will validate our choices. The Fund's Audit Committee ensures that management fulfills its responsibilities and achieves a successful IFRS conversion.

At this time, the future impact of IFRS conversion cannot be determined.

DISCLOSURE 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.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of the date of the 2008 annual report and have concluded that they are adequate and effective. During the third quarter ended September 30, 2009, no changes were made to disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, disclosure controls and procedures.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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 internal control over financial reporting as of the date of the 2008 annual report and have concluded that it is effective. During the third quarter ended September 30, 2009, no changes were made to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

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).

Notice to shareholders

These interim consolidated financial statements as at September 30, 2009 and 2008 have not been reviewed by our auditors PricewaterhouseCoopers LLP. These financial statements are the responsibility of the management of Boralex Inc. and have been reviewed and approved by the Board of Directors, on the recommendation of its Audit Committee.

Consolidated Balance Sheets

(in thousands of dollars) (unaudited)	NOTE	AS AT SEPTEMBER 30, 2009	AS AT DECEMBER 31, 2008
			(RESTATED– NOTE 2)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**37,638**	69,195
Accounts receivable		**38,114**	48,812
Future income taxes		**421**	238
Inventories		**10,362**	8,833
Prepaid expenses		**2,681**	2,106
		89,216	129,184
Investment		**63,043**	69,348
Property, plant and equipment		**355,075**	330,443
Power sales contracts		**25,527**	26,402
Other assets	4	**77,928**	67,578
		610,789	622,955
LIABILITIES			
CURRENT LIABILITIES			
Bank loans and advances	5	**13,217**	–
Accounts payable and accrued liabilities		**17,614**	22,115
Income taxes		**1,672**	1,716
Other liabilities		**2,287**	5,718
Current portion of long-term debt	5	**28,607**	29,410
		63,397	58,959
Long-term debt	5	**171,022**	158,035
Future income taxes		**36,600**	39,437
Fair value of derivative financial instruments	6	**6,127**	3,000
Non-controlling interests		**126**	804
		277,272	260,235
SHAREHOLDERS' EQUITY			
Capital stock		**222,694**	222,694
Contributed surplus		**3,939**	3,069
Retained earnings		**145,188**	135,461
Accumulated other comprehensive income (loss)	7	**(38,304)**	1,496
		333,517	362,720
		610,789	622,955

See accompanying notes.

Consolidated Statements of Earnings

(in thousands of dollars, except amounts per share and number of shares) (unaudited)	FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2009	2008	FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009	2008
		(RESTATED– NOTE 2)		(RESTATED– NOTE 2)
Revenues from energy sales	**39,676**	48,811	**138,631**	142,931
Renewable energy tax credits	**3,473**	3,532	**10,449**	9,063
Operating costs	**28,339**	34,079	**97,193**	96,718
	14,810	18,264	**51,887**	55,276
Share in earnings of the Fund	**146**	1,180	**2,998**	6,218
Management revenues from the Fund	**1,338**	1,349	**4,087**	4,042
Other income	**117**	514	**1,773**	1,159
	16,411	21,307	**60,745**	66,695
OTHER EXPENSES				
Management and operation of the Fund	**1,104**	1,073	**3,441**	3,050
Administrative	**3,862**	3,469	**11,964**	10,414
	4,966	4,542	**15,405**	13,464
OPERATING INCOME BEFORE AMORTIZATION	**11,445**	16,765	**45,340**	53,231
Amortization	**6,434**	6,344	**19,382**	18,150
Foreign exchange loss (gain)	**236**	(185)	**202**	(603)
Net loss (gain) on financial instruments	**398**	(1,010)	**(6)**	94
Financing costs	**3,362**	3,515	**10,228**	9,971
	10,430	8,664	**29,806**	27,612
EARNINGS BEFORE INCOME TAXES	**1,015**	8,101	**15,534**	25,619
Income taxes	**316**	2,427	**5,751**	9,495
	699	5,674	**9,783**	16,124
Non-controlling interests	**(1)**	5	**(56)**	(112)
NET EARNINGS	**698**	5,679	**9,727**	16,012
Net earnings per Class A share (basic)	**$0.02**	$0.15	**$0.26**	$0.42
Net earnings per Class A share (diluted)	**$0.02**	$0.15	**$0.26**	$0.42
Weighted average number of Class A shares outstanding (basic)	**37,740,921**	37,831,382	**37,740,921**	37,739,288

See accompanying notes.

Consolidated Statements of Retained Earnings

(in thousands of dollars) (unaudited)	NOTE	FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009	2008 (RESTATED – NOTE 2)
Balance – beginning of period, as previously reported		**135,783**	115,669
Application of Section 3064	2	**(322)**	(336)
Balance – beginning of period		**135,461**	115,333
Share redemption premium		**–**	(83)
Net earnings for the period		**9,727**	16,012
Balance – end of period		**145,188**	131,262

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)

(in thousands of dollars) (unaudited)	NOTE	FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2009	2008 (RESTATED– NOTE 2)	FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009	2008 (RESTATED– NOTE 2)
Net earnings for the period		**698**	5,679	**9,727**	16,012
Other comprehensive income (loss)	7				
TRANSLATION ADJUSTMENTS					
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations		**(15,215)**	3,090	**(26,333)**	10,466
Reclassification to net earnings of a realized foreign exchange gain related to the reduction of net investment in self-sustaining foreign operations		**–**	–	**(65)**	–
Share of cumulative translation adjustments of the Fund		**(1,036)**	699	**(2,073)**	868
Taxes		**258**	(224)	**548**	(228)
CASH FLOW HEDGES					
Change in fair value of financial instruments		**(2,099)**	26,988	**7,101**	10,651
Hedging items realized and recognized in net earnings		**(5,857)**	(49)	**(18,617)**	1,170
Hedging items realized and recognized in balance sheet		**(1,352)**	(673)	**(3,613)**	(673)
Taxes		**2,495**	(8,405)	**3,732**	(3,567)
		(22,806)	21,426	**(39,320)**	18,687
Comprehensive income (loss) for the period		**(22,108)**	27,105	**(29,593)**	34,699

See accompanying notes.

Consolidated Statements of Cash Flows

(in thousands of dollars) (unaudited)	NOTE	FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2009	2008 (RESTATED– NOTE 2)	FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009	2008 (RESTATED– NOTE 2)
OPERATING ACTIVITIES					
Net earnings		**698**	5,679	**9,727**	16,012
Distributions received from the Fund		**2,409**	2,409	**7,228**	7,917
Adjustments for non-cash items					
Financial instruments		**535**	(1,010)	**534**	94
Share in earnings of the Fund		**(146)**	(1,180)	**(2,998)**	(6,218)
Amortization		**6,434**	6,344	**19,382**	18,150
Amortization of deferred financing costs and monetization program expenses		**667**	712	**2,174**	2,144
Renewable energy tax credits		**(2,231)**	(1,506)	**(3,948)**	(2,996)
Future income taxes		**402**	2,119	**3,053**	8,074
Other		**415**	320	**931**	885
		9,183	13,887	**36,083**	44,062
Change in non-cash working capital items		**(13,286)**	(10,758)	**110**	(7,392)
		(4,103)	3,129	**36,193**	36,670
INVESTING ACTIVITIES					
Business acquisition	10	**–**	(5,156)	**(4,769)**	(5,781)
Additions to property, plant and equipment		**(25,385)**	(6,129)	**(60,133)**	(33,284)
Change in cash reserves		**300**	26	**(1,241)**	(28)
Development projects		**(2,649)**	(4,034)	**(8,686)**	(5,101)
Acquisition of minority interest	11	**–**	–	**(968)**	–
Other		**(1,212)**	249	**(7,035)**	(1,467)
		(28,946)	(15,044)	**(82,832)**	(45,661)
FINANCING ACTIVITIES					
Increase (decrease) in bank loans and advances		**(1,109)**	448	**13,217**	448
Increase in long-term debt		**36,104**	–	**36,104**	–
Payments on long-term debt		**(9,795)**	(7,462)	**(20,751)**	(17,657)
Financing costs		**(2,328)**	–	**(2,547)**	–
Share redemption		**–**	(195)	**–**	(195)
Net proceeds from share issuance		**–**	11	**–**	1,716
		22,872	(7,198)	**26,023**	(15,688)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		**(4,101)**	(79)	**(10,941)**	4,195
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(14,278)**	(19,192)	**(31,557)**	(20,484)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		**51,916**	77,903	**69,195**	79,195
CASH AND CASH EQUIVALENTS – END OF PERIOD		**37,638**	58,711	**37,638**	58,711
ADDITIONAL INFORMATION					
CASH AND CASH EQUIVALENTS PAID FOR:					
Interest		**2,387**	2,413	**6,604**	7,273
Income taxes		**535**	373	**1,736**	1,321

See accompanying notes.

(tabular amounts are in thousands of dollars, unless otherwise specified)

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, except for the new policies described in note 2. 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, 2008.

Note 2.
Changes in accounting policies

New accounting policies adopted in 2009

Goodwill and intangible assets

As of January 1, 2009, Boralex adopted Canadian Institute of Chartered Accountants ("CICA") *Handbook* Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The primary reason for the issuance of this new standard is to provide clarity on the recognition and measurement of internally developed intangible assets, including research and development costs. Section 3064 reinforces a principle-based approach whereby assets are only accounted for if they meet the definition of an asset and the criteria for such classification. As a result, Boralex had to write off start-up costs recognized in *Deferred costs* and included under *Other assets*.

The impact of this change on previously issued financial statements is as follows:

	AS AT DECEMBER 31, 2008		
	As reported	Section 3064	Restated
Deferred costs	544	(544)	–
Future income tax liabilities	39,616	(179)	39,437
Retained earnings	135,783	(322)	135,461
Other comprehensive income (loss)	1,539	(43)	1,496

These restatements had no impact on previously reported cash flows related to operating, investing or financing activities.

Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the CICA Emerging Issues Committee issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. EIC-173 provides guidance on determining the fair value of financial assets and financial liabilities, whereby the Corporation's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. This standard applies retrospectively, without restatement of prior periods, to interim and annual financial statements for periods ended on or after January 20, 2009. As a result of the application of this new recommendation on January 1, 2009, the fair value of derivative financial instruments presented under *Assets* decreased by $801,000, the fair value of derivative financial instruments presented under *Liabilities* decreased by $96,000, the future income tax assets increased by $225,000 and *Accumulated other comprehensive income* decreased by $480,000.

Note 2. Changes in accounting policies and new accounting policies adopted in 2009 (continued)

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. 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 to 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 periods 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 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.

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.

(tabular amounts are in thousands of dollars, unless otherwise specified)

Note 3. Use of estimates and measurement uncertainty (continued)

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 method of power generation less competitive. Consequently, the forecasts consider sufficient maintenance expenses to ensure that the power stations' lives will last, at a minimum, as long as the forecast period, namely 15 years.

Relating to its investment in the Fund, the Corporation plans to hold it on a long-term basis and continue to receive distributions, either in the form of taxable earnings or dividends. As a result, the future income tax liabilities related to this investment have been calculated using the taxation rate applicable to business income, which is higher than the rate applicable to capital gains that would apply if Boralex were to dispose of its investment. These estimates could have a significant impact on the operating results and future financial position of the Corporation.

Note 4. Other assets

	NOTE	AS AT SEPTEMBER 30, **2009**	AS AT DECEMBER 31, 2008 (RESTATED– NOTE 2)
Renewable energy tax credits	a)	**19,029**	22,238
Restricted funds and other funds held in trust	b)	**2,858**	1,741
Net investments in financing leases	c)	**15,961**	10,738
Fair value of derivative financial instruments		**11,013**	20,238
CO_2 quotas		**592**	367
Projects under development	d)	**19,506**	12,093
Other intangible assets	e)	**8,969**	163
		77,928	67,578

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 the Corporation's future income taxes. Financial projections indicate that the amount recorded may be realized in the next three to five years.

b) As at September 30, 2009, reserves for long-term debt servicing guaranteed financing in France and Canada. Reserves amounted to $1,400,000 (€893,000) in France and $208,000 in Canada. These reserves represent three to six months of debt servicing, depending on the project. This item includes a cash amount of $1,250,000 earmarked for refurbishment work at the Ocean Falls power station.

c) Financing leases are entered into with U.S. and Canadian suppliers. As at September 30, 2009, foreign currency receivables amounted to US$13,249,000 ($14,206,000) and $1,755,000, respectively.

d) Projects under development consist primarily of two wind power projects in Ontario, including the acquisition costs of a fifth Thames River wind farm, one wind power project in Québec, one solar project in Spain and one wind power project in Italy.

e) *Other intangible assets* mainly include the value of contracts held by the Ocean Falls power station and the portion of the non-controlling interest (50% previously not held by Boralex) in the Forces Motrices Saint-François power station acquired in the second quarter of 2009. Notes 10 and 11 to the interim consolidated financial statements provide more information on these acquisitions. Boralex will finalize its purchase equation during the coming fiscal year. These amounts could be allocated to other asset categories, if necessary.

Note 5.
Long-term debt

Long-term debt includes the following:

	NOTE	MATURITY	RATE(1)	AS AT SEPTEMBER 30, 2009	AS AT DECEMBER 31, 2008
Bridge financing facility	a)	2009	3.15	**5,333**	11,591
Master agreement – wind power projects	b)	2017-2022	4.99	**125,882**	145,807
Term loan payable – Nibas wind power station	c)	2016	5.00	**10,560**	12,482
Term loan payable – Stratton power station	d)	2010	2.87	**2,248**	3,302
Capital leases	e)	2012-2015	5.38	**11,727**	14,831
Term loan payable – Ocean Falls power station	f)	2011	6.00	**14,000**	–
Term loan payable – Ontario wind power projects	g)	2014	6.34	**33,300**	–
Other debts				**3,089**	3,725
				206,139	191,738
Current portion				**(28,607)**	(29,410)
Financing costs, net of accumulated amortization				**(6,510)**	(4,293)
				171,022	158,035

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

a) The €3,400,000 bridge financing facility (€6,800,000 as at December 31, 2008) bears interest at a variable rate based on EURIBOR rates plus a margin. To secure the credit, Boralex issued a letter of credit for $5,333,000 as at September 30, 2009 ($11,591,000 as at December 31, 2008) drawn from its revolving credit. The credit facility expired on December 31, 2008, and was renewed until December 31, 2009 and is repayable in four equal instalments. The remaining instalments are due on October 15 and December 31, 2009.

b) 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 September 30, 2009, €95,550,000 ($149,880,000) (€94,150,000 as at December 31, 2008) had been drawn down, and the Corporation had an unused balance of €169,450,000 ($265,799,000).

To cover potential temporary working capital requirements for debt servicing, the lenders also granted two lines of credit for $7,893,000 (€5,032,000) and $882,000 (€562,000), respectively. As at September 30, 2009, these lines of credit were undrawn.

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 September 30, 2009 is €80,251,000.

As at September 30, 2009, the following funds were available under the master credit agreement:

(in thousands of euros)	CREDIT LIMITS	AMOUNTS DRAWN	AVAILABLE
Senior credit	250,000	88,500	161,500
Junior credit	15,000	7,050	7,950
	265,000	95,550	169,450

c) This loan payable bears interest at a fixed rate of 5.00% and repayments are semi-annual. As at September 30, 2009, the balance stood at €6,732,000 (€7,322,000 as at December 31, 2008). All Nibas wind farm assets were pledged as collateral for this loan.

d) 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 September 30, 2009, the balance stood at US$2,096,000 (US$2,696,000 as at December 31, 2008). All assets of the Stratton power station were pledged as collateral.

e) The capital leases relate to assets located in France. The balance of the leases was €7,476,000 as at September 30, 2009 (€8,700,000 as at December 31, 2008). They bear interest at fixed and variable rates and are repayable on a quarterly basis. The net carrying value of associated capital assets was €11,601,000 ($18,197,000) as at September 30, 2009 (€12,399,000 or $21,136,000 as at December 31, 2008).

(tabular amounts are in thousands of dollars, unless otherwise specified)

Note 5. Long-term debt (continued)

f) This loan represents the balance of the purchase price of the power station and bears interest at a fixed rate of 6.00%. It will be repaid over two years following the acquisition of this power station. If Boralex arranges financing with a later maturity date before the second anniversary of the purchase date, the net proceeds of that financing, up to the balance of the purchase price, are payable to the seller. In the absence of financing, the Corporation must pay the amount of $5,000,000 on April 1, 2010 and $9,000,000 on April 1, 2011.

g) This loan, secured by the project's assets, represents amounts drawn as at September 30, 2009 under a total financing facility of $56,000,000. The balance of this facility should be utilized before the end of 2009. Boralex expects to make the first semi-annual repayment during the second quarter of 2010. The financing facility, which is repayable without penalty at Boralex's option, is amortized over a 19-year period, although it matures on September 4, 2014.Through the use of an interest rate swap, Boralex will benefit from an initial fixed interest rate of approximately 6.34%.

Amortization of financing costs amounted to $596,000 for the nine-month period ended September 30, 2009 ($770,000 for the nine-month period ended September 30, 2008).

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 September 30, 2009, the Corporation had issued letters of credit totalling $10,580,000 (including the letter of credit discussed in (a)) and had drawn down an amount of $13,217,000 from this credit facility. Lastly, the market value of one Fund unit was $3.89 on September 30, 2009 and the repayment threshold was $2.89 (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, bridge credit facility, 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 varying from 60% to 87 % 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 or CDOR rate and pays fixed amounts based on rates of 3.30% 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 83% to 12%.

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 reserve accounts to cover short-term debt service, equipment maintenance, and income taxes at various times during the terms of the agreements. As at September 30, 2009, an amount of $1,608,000 ($1,741,000 as at December 31, 2008) was kept in reserve accounts. 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, one Canadian power station and French power stations, with a net carrying amount totalling $166,614,000 as at September 30, 2009 ($188,684,000 as at December 31, 2008), together with the related working capital items, have been pledged as collateral.

MINIMUM FUTURE PAYMENTS

The estimated aggregate amount of repayments on long-term debt in each of the next five 12-month periods ending September 30 and thereafter is as follows:

2010	28,607
2011	27,075
2012	14,590
2013	14,404
2014	14,932
Thereafter	106,531

(tabular amounts are in thousands of dollars, unless otherwise specified)

Note 6.
Financial instruments

The carrying amount and fair value of the derivative financial instruments designated as cash flow hedges as at September 30, 2009 are detailed as follows:

	AS AT SEPTEMBER 30, 2009		AS AT DECEMBER 31, 2008	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Financial swaps – interest rates	**–**	**5,877**	65	3,000
Financial swaps – electricity prices	**10,528**	**–**	20,173	–
Foreign exchange forward contracts – euros	**77**	**250**	–	–
Foreign exchange forward contracts – US dollars	**408**	**–**	–	–
Total	**11,013**	**6,127**	20,238	3,000

Note 7.
Accumulated other comprehensive income (loss)

	AS AT SEPTEMBER 30, 2009				
	Translation adjustments	Hedge Electricity swaps	Hedge Interest rate swaps	Hedge Currencies	Total
Balance – beginning of period, as previously reported	**(11,566)**	**12,990**	**(5,569)**	**5,684**	**1,539**
Application of Section 3064 (note 2)	**(43)**	**–**	**–**	**–**	**(43)**
Application of EIC-173 (note 2)	**–**	**(539)**	**59**	**–**	**(480)**
Balance – beginning of period, restated	**(11,609)**	**12,451**	**(5,510)**	**5,684**	**1,016**
Change in fair value	**(26,333)**	**13,574**	**(3,889)**	**(2,584)**	**(19,232)**
Share of cumulative translation adjustments of the Fund	**(2,073)**	**–**	**–**	**–**	**(2,073)**
Reclassification to net earnings	**(65)**	**(19,750)**	**1,162**	**(29)**	**(18,682)**
Reclassification to balance sheet	**–**	**–**	**–**	**(3,613)**	**(3,613)**
Taxes	**548**	**1,976**	**845**	**911**	**4,280**
Balance – end of period	**(39,532)**	**8,251**	**(7,392)**	**369**	**(38,304)**

	AS AT SEPTEMBER 30, 2008				
	Translation adjustments	Hedge Electricity swaps	Hedge Interest rate swaps	Hedge Currencies	Total
Balance – beginning of period, as previously reported	(54,612)	238	(683)	626	(54,431)
Application of Section 3064 (note 2)	9	–	–	–	9
Balance – beginning of period, restated	(54,603)	238	(683)	626	(54,422)
Change in fair value	10,466	8,557	591	1,503	21,117
Share of cumulative translation adjustments of the Fund	868	–	–	–	868
Reclassification to net earnings	–	2,172	(1,002)	–	1,170
Reclassification to balance sheet	–	–	–	(673)	(673)
Taxes	(228)	(3,432)	131	(266)	(3,795)
Balance – end of period	(43,497)	7,535	(963)	1,190	(35,735)

Note 8.
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 the power stations have power sales contracts or not.

For the 13 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 the regulation of water flows.

In the wind power segment, where Boralex's activities are currently focused in France, 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. 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. It 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 excess carbon dioxide ("CO_2") quota and green certificate trading markets in France.

Note 9.
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 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. Results for each segment are presented on the same basis as those of the Corporation.

(tabular amounts are in thousands of dollars, unless otherwise specified)

Note 9. Segmented information (continued)

The following table reconciles EBITDA with net earnings:

	FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30,		FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,	
	2009	2008 (RESTATED– NOTE 2)	**2009**	2008 (RESTATED– NOTE 2)
Net earnings	**698**	5,679	**9,727**	16,012
Non-controlling interests	**1**	(5)	**56**	112
Income taxes	**316**	2,427	**5,751**	9,495
Financing costs	**3,362**	3,515	**10,228**	9,971
Net loss (gain) on financial instruments	**398**	(1,010)	**(6)**	94
Foreign exchange loss (gain)	**236**	(185)	**202**	(603)
Amortization	**6,434**	6,344	**19,382**	18,150
EBITDA	**11,445**	16,765	**45,340**	53,231

INFORMATION BY SEGMENT

	FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30,		FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,	
	2009	2008	**2009**	2008
PRODUCTION (MWh)				
Wind power stations	**39,758**	40,665	**155,677**	163,818
Hydroelectric power stations	**27,554**	21,522	**104,286**	97,224
Wood-residue thermal power stations	**297,851**	354,560	**852,253**	937,694
Natural gas thermal power station	**–**	–	**22,642**	22,569
	365,163	416,747	**1,134,858**	1,221,305
REVENUES FROM ENERGY SALES				
Wind power stations	**5,797**	5,859	**22,898**	22,601
Hydroelectric power stations	**1,779**	1,920	**7,381**	8,909
Wood-residue thermal power stations	**29,841**	37,866	**96,360**	98,856
Natural gas thermal power station	**2,259**	3,165	**11,992**	12,564
Corporate and eliminations	**–**	1	**–**	1
	39,676	48,811	**138,631**	142,931
EBITDA				
Wind power stations	**4,247**	4,361	**17,704**	17,909
Hydroelectric power stations	**301**	847	**3,795**	6,272
Wood-residue thermal power stations	**10,685**	13,558	**30,636**	31,424
Natural gas thermal power station	**(126)**	(157)	**1,240**	960
Corporate and eliminations	**(3,662)**	(1,844)	**(8,035)**	(3,334)
	11,445	16,765	**45,340**	53,231
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT				
Wind power stations	**24,024**	3,235	**53,877**	22,132
Hydroelectric power stations	**312**	48	**1,031**	56
Wood-residue thermal power stations	**431**	228	**4,181**	7,236
Natural gas thermal power station	**–**	53	**28**	69
Corporate and eliminations	**618**	2,565	**1,016**	3,791
	25,385	6,129	**60,133**	33,284

(tabular amounts are in thousands of dollars, unless otherwise specified)

Note 9. Segmented information (continued)

	AS AT SEPTEMBER 30, **2009**	AS AT DECEMBER 31, 2008
ASSETS		(RESTATED– NOTE 2)
Wind power stations	**268,438**	242,944
Hydroelectric power stations	**45,153**	23,019
Wood-residue thermal power stations	**152,002**	183,881
Natural gas thermal power station	**12,784**	17,151
	132,412	
Corporate and eliminations		155,960
	610,789	622,955

Note 10. Business acquisitions

On April 6, 2009, the Corporation announced the completion of the acquisition of the Ocean Falls hydroelectric power station. This acquisition, announced in June 2008, was subject to certain suspensive conditions which were fulfilled at the end of March 2009. The purchase price amounts to $19,000,000, of which $4,500,000 was paid on the closing date, and $500,000 in June 2008. The $14,000,000 balance of the purchase price, bearing interest at 6% per annum, is payable over the next two years. If Boralex arranges financing for the project before the second anniversary of the purchase date, the net proceeds of that financing, up to the balance of the purchase price, are payable to the seller. In the absence of financing, the Corporation must pay the amount of $5,000,000 on April 1, 2010 and $9,000,000 on April 1, 2011. Boralex has also committed to invest approximately $3,000,000 for the completion of maintenance work on the dam and the modernization of certain facilities.

The preliminary allocation of the purchase price for this acquisition is as follows:

Inventory	100
Equipment	10,739
Rolling stock	109
Power sales contracts	269
Other assets	8,052
	19,269
Deposit paid in 2008	(500)
Selling price balance	(14,000)
Amount paid during the nine-month period ended September 30, 2009	4,769

Boralex will finalize its purchase equation by fiscal year-end, which could result in the reclassification of some items.

Note 11. Acquisition of minority interest

On January 1, 2009, the Corporation acquired a 21% interest in the Forces Motrices Saint-François ("FMSF") hydroelectric power station for the price of $753,000 (€446,000). The purchase price was settled using the Corporation's interest in Forces Motrices du Joudron ("FMJ"), a French company. On May 7, 2009, Boralex acquired 29% of the FMSF shares it did not own. The price per share paid for this second portion of the acquisition is the same as for the first. The purchase price was set at $968,000 (€616,000).

As the price paid for the FMSF shares exceeded their carrying value by $471,000 for the first portion and by $527,000 for the second, these amounts will be included under *Other assets* until Boralex completes the allocation of the purchase price. Boralex recorded a gain of $720,000 (€437,000) on the disposal of FMJ.

Note 12. Comparative figures

Certain data have been reclassified in the comparative financial statements to conform to the presentation adopted during the period.

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