

INVESTMENT PRINCIPLES AND FINANCIAL HIGHLIGHTS

BUSINESS PHILOSOPHY

- Build the business and all relationships based on integrity
- Attract and retain high calibre individuals who will grow with us over the long term
- Ensure our people think and act like owners in all their decisions
- Treat our clients' money like it is our own

INVESTMENT GUIDELINES

- Invest as lead investor, where we possess competitive advantages and are in a position to actively manage our assets and create value through operational or other improvements
- Acquire assets on a value basis to maximize long-term, risk-adjusted return on capital
- Build sustainable cash flows to provide certainty, reduce risk and lower the cost of capital
- Recognize that superior returns often require contrarian thinking

MEASUREMENT OF OUR CORPORATE SUCCESS

- Measure success based on total return on capital over the long term
- Encourage calculated risks, but compare returns with risk
- Sacrifice short-term profit, if necessary, to achieve long-term capital appreciation
- Seek profitability rather than growth, because size does not necessarily add value

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\$1.5 billion of cash flow
from operations

\$37.45 per share of
intrinsic value

AS AT AND FOR THE YEARS ENDED DECEMBER 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	2010	2009 ³	2008 ³
PER FULLY DILUTED COMMON SHARE			
Cash flow from operations	\$ 2.37	\$ 2.43	\$ 2.33
Intrinsic value ¹	37.45	34.20	31.72
Net tangible asset value ²	30.96	28.45	26.56
Market trading price – NYSE	33.29	22.18	15.27
Net income	2.33	0.71	1.02
Dividends paid	0.52	0.52	1.45 ⁴
TOTAL			
Total assets under management	\$ 121,558	\$ 108,342	\$ 89,753
Consolidated balance sheet assets	78,131	61,902	53,597
Intrinsic value ¹	22,261	20,154	18,599
Net tangible asset value ²	18,261	16,654	15,499
Revenues	13,623	12,082	12,909
Operating income	4,511	4,515	4,616
Cash flow from operations	1,463	1,450	1,423
Net income	1,454	454	649
Diluted number of common shares outstanding	616	608	600

1. Represents net tangible asset value (see note 2) plus the estimated value of the company's asset management business

2. Reflects carrying values on a pre-tax basis prepared in accordance with procedures and assumptions utilized to prepare the company's IFRS financial statements, adjusted to reflect asset values not otherwise recognized under IFRS (see Management's Discussion and Analysis of Financial Results)

3. 2009 and 2008 results are based on Canadian GAAP financial results

4. Includes Brookfield Infrastructure special dividend of \$0.94 and regular dividends of \$0.51 per share

Our primary financial objective is to increase the intrinsic value of Brookfield on a per share basis, at a rate in excess of 12% when measured over the long term.