

March 8, 2010

ONTARIO POWER GENERATION REPORTS 2009 FINANCIAL RESULTS

[Toronto]: Ontario Power Generation Inc. ("OPG" or the "Company") today reported its financial and operating results for the year ended December 31, 2009. Net income for the year was \$623 million compared to net income of \$88 million for the year ended December 31, 2008.

Tom Mitchell, President and CEO of OPG, said, "I am pleased that OPG achieved this level of income in the face of challenging electricity demand conditions in Ontario, which resulted in lower electricity generation from OPG's assets, and lower Ontario spot electricity market prices. Despite the lower demand, OPG's nuclear, hydroelectric and thermal generating stations achieved high levels of reliability."

Mr. Mitchell noted, "Overall, OPG received an average price of 4.5 cents per kilowatt hour for the electricity it generated in 2009. To put this in context, the current price for generation charged to residential and other consumers of smaller volumes of electricity under the Regulated Price Plan of the OEB is 5.8 cents per kilowatt hour for the first 1,000 kilowatt hour and 6.7 cents per kilowatt hour thereafter."

Mr. Mitchell added, "The prices that OPG received for approximately 70 percent of the electricity it generated in 2009 were set through a regulatory process at the OEB."

Highlights

Net income in 2009 was favourably impacted by an increase in earnings from the segregated investment funds due to improved global financial markets. These funds were established to provide for the future costs of OPG's nuclear fixed asset removal and nuclear waste management liabilities. Net income also increased due to the recognition of a regulatory asset related to tax losses established as a result of the 2009 Ontario Energy Board ("OEB") decision. These factors were partially offset by a decrease in gross margin related to lower average sales prices for production from OPG's unregulated generation segments and lower thermal generation. Lower generation, lower electricity prices, and increased fuel expenses at the thermal generating stations were in turn partially offset by additional revenues related to an agreement with the Ontario Electricity Financial Corporation ("OEFC"). The agreement with the OEFC is intended to provide for the continued reliability and availability of OPG's Lambton and Nanticoke generating stations.

Total electricity generated during 2009 of 92.5 TWh decreased from 2008 production of 107.8 TWh. The decrease of 15.3 TWh was primarily due to lower generation from OPG's thermal and nuclear generating stations. The decrease in production from the thermal generating stations of 13.7 TWh was primarily due to the

impact of lower primary demand in Ontario, and higher electricity generation from other Ontario generators.

The reliability of OPG's Pickering B nuclear station improved during 2009 due to a reduction in the number of outage days. The Darlington station achieved a lower unit capability factor in 2009 compared to 2008 primarily as a result of a planned vacuum building outage. The unit capability factor at the Pickering A nuclear station was lower in 2009 due to an increase in the number of planned outage days. The availability of OPG's regulated and unregulated hydroelectric generating stations remained at high levels. The reliability of the thermal generating fleet improved as a result of optimizing how coal-fired units are offered into the market.

Segmented Financial Results

Income before interest and income taxes of \$827 million from OPG's electricity generating segments in 2009 was lower than income before interest and income taxes of \$1,028 million in 2008. The reduction in income was primarily due to a decrease in average sales price in the unregulated generation segments due to lower Ontario spot electricity market prices, lower thermal generation, and higher coal prices and costs related to contract adjustments to coal supply contracts. The unfavourable impact of these factors was partially offset by the recognition of revenue related to the contingency support agreement with the OEFC, and the recognition of a regulatory asset related to the tax loss variance account authorized by the OEB in 2009, but effective on April 1, 2008.

Income before interest and income taxes of \$52 million in the Regulated – Nuclear Waste Management segment in 2009 improved significantly compared to a loss before interest and income taxes of \$670 million in 2008. The income before interest and income taxes in 2009 primarily resulted from higher returns on the Decommissioning Segregated Fund due to improvements in valuation levels of global financial markets. The favourable impact of these factors was partially offset by the reduction in 2009 of a variance account approved by the OEB related to the earnings associated with the stations leased to Bruce Power, since a portion of the earnings from the Nuclear Funds are related to these stations.

Generation Development

OPG is undertaking a number of generation development projects aimed at significantly contributing to Ontario's long-term electricity supply requirements. The status of these capacity expansion or life extension projects is as follows:

Nuclear

- On June 29, 2009, the Government of Ontario suspended the competitive Request for Proposal process to procure two new nuclear reactors planned for the Darlington site. In the announcement, the Government indicated that the competitive RFP process did not provide Ontario with a suitable option at this time. The bids that were received during this process have subsequently expired. The Government has not yet announced its revised plans for procurement of two new nuclear reactors. OPG continues with two initiatives that were underway – the environmental assessment process and obtaining a site preparation licence. On September 30, 2009, OPG submitted the Environmental Impact Statement ("EIS")

and an updated application for the “Licence to Prepare Site” to the Canadian Environmental Assessment Agency and the Canadian Nuclear Safety Commission (“CNSC”). On November 16, 2009, the Joint Review Panel (“JRP”) announced the start of the six-month public review period for the EIS and the “Licence to Prepare Site”. On February 3, 2010, the JRP requested additional information in support of the EIS and application for the “Licence to Prepare Site”.

- In February 2010, OPG announced its decision to commence the detailed planning phase for the refurbishment of the Darlington nuclear generating station. The refurbishment is expected to extend the service life of the Darlington nuclear station to provide an additional 30 years of nuclear generation. In the detailed planning phase, all regulatory work will be completed including the Environmental Assessment, the Integrated Safety Review (“ISR”), and the Integrated Improvement Plan (“IIP”). As part of the definition phase, OPG will also complete engineering and detailed project planning, establish the project management organization, develop required infrastructure, and prepare a detailed cost and schedule estimate for project approval by mid-2014, with construction expected to start in about 2016.
- In February 2010, OPG announced its decision to continue the safe and reliable operation of OPG’s Pickering B nuclear generating station. Pickering B nuclear generating units are currently predicted to reach their nominal end of life between 2014 and 2016. OPG is undertaking a coordinated set of initiatives to evaluate the opportunity to continue safe and reliable operations of Pickering B for an additional four to six years. Following this, OPG will place the units into safe-storage and then begin the long-term decommissioning process.

Hydroelectric

- The Niagara tunnel boring machine (“TBM”) had advanced 5,481 metres, or 54 percent of the tunnel length, as of December 31, 2009. The advancement of the TBM was temporarily interrupted from September 11, 2009 to December 8, 2009 to repair a short section of the temporary tunnel liner about 1,800 metres behind the TBM location at that time, and to complete a planned overhaul of the TBM cutterhead, conveyor systems and other tunnel construction equipment. Installation of the lower one-third of the permanent tunnel concrete lining is progressing ahead of schedule. Installation of the upper two-thirds of the concrete lining is scheduled to begin in the spring of 2010.
- Construction of the Upper Mattagami and Hound Chute development projects continued during 2009 with fabrication of supplied parts and systems, and delivery of certain major Water-to-Wire equipment. The capacity of the four stations that are being replaced will increase from 23 MW to 44 MW. The stations are expected to be in service by April 2011.
- Project development activities for the planned Lower Mattagami project, which will increase the capacity of four stations from 483 MW to 933 MW, continued from 2009 into 2010. These activities include completing cost estimates, finalizing a design-build contract, obtaining regulatory approvals, consultation discussions and negotiations with Aboriginal communities, and negotiating a Hydroelectric Energy Supply Agreement with the Ontario Power Authority. As well, a Federal

Environmental Assessment (“EA”) consultation was completed at the end of 2009 and the EA was submitted to the Federal Minister.

Thermal

- In September 2009, together with the Ministry of Energy and Infrastructure, OPG announced its decision to close four coal-fired units – two units at the Lambton generating station and two units at the Nanticoke generating station. The decision was based on the impact of declining Ontario primary demand, forecast surplus capacity and demand profiles, and reductions in operations, maintenance and administration expense. The closures are expected to occur in October 2010. By the end of 2014, all units currently burning coal will have ceased burning coal and either have been converted to alternative fuels or shut down.
- The Lennox generating station operated under a Reliability Must Run (“RMR”) contract with the Independent Electricity System Operator (“IESO”), as approved by the OEB, for the period beginning on October 1, 2008 to September 30, 2009. This contract was justified on the basis of analysis by the IESO that all four units at the Lennox generating station were required for the purpose of local area reliability during the period. Given an indication from the OPA that it would require the four units at the Lennox generating station, as documented in the OPA’s preliminary Integrated Power System Plan, OPG continued to operate the facility following the expiry of the RMR contract. On January 6, 2010, the Minister of Energy and Infrastructure issued a Directive to the OPA to contract with OPG for the capacity of the station commencing October 1, 2009. OPG and the OPA are working towards execution of a new agreement.
- The strategy to convert coal-fired units to alternate fuels continues to advance. Detailed design engineering work on the conversion of the Atikokan generating station to biomass is progressing. OPG is also conducting concept phase engineering for possible conversion of other coal-fired units at other stations. OPG requires cost recovery agreements with the OPA for conversion of the units and the electricity generated post-conversion, before seeking Board of Directors approval to proceed with unit conversions. OPG is in discussion with the Ministry of Energy and Infrastructure to issue a directive to the OPA to negotiate a cost recovery agreement with OPG.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Year Ended December 31	
	2009	2008
<i>Earnings</i>		
Revenue after revenue limit rebate	5,613	6,082
Fuel expense	991	1,191
Gross margin	4,622	4,891
Operations, maintenance and administration expense	2,882	2,967
Depreciation and amortization	760	743
Accretion on fixed asset removal and nuclear waste management liabilities	634	581
(Earnings) losses on nuclear fixed asset removal and nuclear waste management funds	(683)	93
Other net expenses	76	71
Income before interest and income taxes	953	436
Net interest expense	185	165
Income tax expenses	145	183
Net income	623	88
<i>Cash flow</i>		
Cash flow provided by operating activities	299	870
<i>Income (loss) before interest and income taxes</i>		
Generating segments	827	1,028
Nuclear Waste Management segment	52	(670)
Other segment	74	78
Total income before interest and income taxes	953	436
<i>Electricity Generation (TWh)</i>		
Regulated – Nuclear	46.8	48.2
Regulated – Hydroelectric	19.4	18.8
Unregulated – Hydroelectric	16.8	17.6
Unregulated – Thermal	9.5	23.2
Total electricity generation	92.5	107.8
<i>Average electricity sales price (¢/kWh)</i>		
Regulated – Nuclear	5.5	5.3
Regulated – Hydroelectric	3.7	3.9
Unregulated – Hydroelectric	3.2	4.8
Unregulated – Thermal	3.9	5.0
OPG average sales price	4.5	4.9
<i>Nuclear unit capability factor (percent)</i>		
Darlington	85.9	94.5
Pickering A	64.2	71.8
Pickering B	84.0	71.4
<i>Availability (percent)</i>		
Regulated – Hydroelectric	93.6	93.8
Unregulated– Hydroelectric	92.4	94.6
<i>Equivalent forced outage rate (percent)</i>		
Unregulated – Thermal	8.5	12.8

Ontario Power Generation Inc. is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity in Ontario. Our focus is on the efficient production and sale of electricity from our generation assets, while operating in a safe, open and environmentally responsible manner.

Ontario Power Generation Inc.'s audited consolidated financial statements and Management's Discussion and Analysis as at and for the year ended December 31, 2009, can be accessed on OPG's Web site (www.opg.com), the Canadian Securities Administrators' Web site (www.sedar.com), or can be requested from the Company.

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