

May 21, 2010

ONTARIO POWER GENERATION REPORTS 2010 FIRST QUARTER FINANCIAL RESULTS

[Toronto]: Ontario Power Generation Inc. ("OPG" or the "Company") today reported its financial and operating results for the three months ended March 31, 2010. Net income for the first quarter of 2010 was \$143 million compared to a net loss of \$9 million for the three months ended March 31, 2009.

Tom Mitchell, President and CEO of OPG, said, "Ontario Power Generation continued to moderate electricity prices in the province while reducing CO₂ emissions. The prices we receive for electricity generated from our regulated assets have remained the same since 2008. Further, the prices we received for electricity generated from our unregulated assets declined in the first quarter of this year, compared to the first quarter of 2009."

Mr. Mitchell added, "I am extremely proud of our performance and the reliability of our generating stations during the first quarter of 2010. Our Pickering B station achieved a unit capability factor of 97.5 percent, our hydroelectric fleet continues to achieve availability factors of over 93 percent, and the reliability of our thermal stations improved significantly."

Highlights

Net income for the first quarter of 2010 increased compared to the same quarter in 2009 as a result of an increase in earnings from the Used Fuel and Decommissioning Segregated Funds (together "Nuclear Funds") and the recognition of a regulatory asset related to tax losses ("Tax Loss Variance Account") established as a result of a 2009 OEB decision. The increase was partially offset by a decrease in gross margin related to lower average sales prices for production from OPG's unregulated generation segments and lower generation.

Total electricity generated during the first quarter of 2010 was 24.5 TWh compared to 25.6 TWh during the first quarter of 2009. Production from the thermal stations declined by 0.5 TWh during the first quarter of 2010 compared to the same period in 2009 primarily due to lower primary demand and a decrease in net exports, partially offset by a decrease in electricity generation from other generators in Ontario. Unregulated hydroelectric generation decreased by 0.4 TWh primarily due to lower water levels. A decrease in nuclear generation of 0.3 TWh was primarily due to an increase in planned outage days at the Darlington nuclear generating station and an increase in unplanned outage days at the Pickering A nuclear generating station.

The capability factor at the Darlington nuclear station decreased in the first quarter of 2010 due to the higher number of planned outage days compared to 2009. The capability factors at the Pickering A and B nuclear stations increased in the first quarter of 2010 due to a lower number of planned outage days, as unit outages in 2010 have been scheduled to coincide with a second quarter Vacuum Building Outage. The availability of OPG's regulated and unregulated hydroelectric generating stations remained at high levels. The reliability of the thermal generating fleet improved significantly as a result of fewer unplanned outage days at the Nanticoke and Lambton coal-fired generating stations during the first quarter of 2010 compared to the same quarter in 2009, which reflected the operating and maintenance strategies of the Thermal business segment.

Segmented Financial Results

Income before interest and income taxes from OPG's electricity generation business segments was \$232 million for the three months ended March 31, 2010 compared to \$243 million for the same quarter in 2009. The reduction in income was primarily due to lower market prices for generation from OPG's unregulated thermal and hydroelectric generating stations, lower generation volume, restructuring costs related to the pending closure of four coal-fired units expected in October 2010, and higher fuel prices. The decrease was partially offset by the recognition of a regulatory asset related to the Tax Loss Variance Account, lower outage and maintenance activities, and revenue related to a contingency support agreement with the Ontario Electricity Financial Corporation. The contingency support agreement is intended to provide for the continued reliability and availability of OPG's Lambton and Nanticoke generating stations.

The Regulated – Nuclear Waste Management business segment incurred a loss before interest and income taxes of \$24 million during the first quarter of 2010 compared to a loss before interest and income taxes of \$164 million during the same period in 2009. The improvement during the first quarter of 2010 compared to the same quarter in 2009 resulted from higher returns on the Nuclear Funds primarily due to improvements in valuation levels of global financial markets. The favourable impact of these factors was partially offset by the impact 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

- OPG continues with two initiatives that were underway prior to the Government of Ontario's suspension of the competitive Request for Proposal process to procure two new nuclear reactors planned for the Darlington site – the environmental assessment process and obtaining a site preparation licence. In November 2009, the Joint Review Panel ("JRP") announced the start of the six-month public review period for the Environmental Impact Statement ("EIS") and the "Licence to Prepare Site". On February 3, 2010 and March 29, 2010, and subsequently on April 28,

2010, the JRP requested additional information in support of the EIS and the application for the “Licence to Prepare Site”. OPG has responded to the first two requests and is currently working to complete the response to the third request.

- 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 station by approximately 30 years. In the detailed planning phase, all regulatory work will be completed including the Environmental Assessment (“EA”), the Integrated Safety Review, and the Integrated Improvement Plan. As well, OPG will 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 estimated to start in 2016. In April 2010, OPG announced that it was proceeding, in conjunction with the Municipality of Clarington and Durham Region, with site preparation and servicing for a proposed 250,000 square foot multi-purpose building, on OPG-owned land in the Clarington Energy Business Park adjacent to the Darlington nuclear generating station.
- 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 estimated 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 the station for an additional four to six years. As part of a regulatory commitment to the Canadian Nuclear Safety Commission, OPG submitted the Pickering B Operations Plan in March 2010, describing strategies for the continued safe and reliable operation of Pickering B until its end of life.

Hydroelectric

- Construction activities to replace three existing hydroelectric generating stations on the Upper Mattagami River and the Hound Chute generating station on the Montreal River continued during the first quarter of 2010. As part of the redevelopment, the Wawaitin generating station was removed from service in March 2010, reducing OPG’s in-service generating capacity by 11 MW. Upon completion of the project, the total installed capacity of the four stations will increase from 23 MW to 44 MW. The stations are expected to be in service by April 2011, which is within the approved schedule. The project costs are expected to be within the approved budget of \$300 million.
- The Niagara tunnel boring machine had advanced 6,485 metres, which is 64 percent of the tunnel length, as of March 31, 2010. Installation of the lower one-third of the permanent concrete lining has progressed 4,550 metres. Restoration of the circular cross-section of the tunnel before installation of the upper two-thirds of the concrete lining has progressed 1,000 metres. Installation of the upper two-thirds of the concrete lining is scheduled to begin by the end of the second quarter. The project is expected to be completed by the approved in-service date of December 2013. The project costs are expected to be within the revised approved budget of \$1.6 billion.

- Project activities for the Lower Mattagami project, which will increase the capacity of four stations by 438 MW, continued during the first quarter of 2010. In January 2010, OPG entered into a design-build agreement for the project, and in March 2010, the Federal Minister of the Environment approved the EA as required by the Canadian Environmental Assessment Act. OPG is planning to have project financing in place, and is working with the Ontario Power Authority (“OPA”) to finalize and execute a Hydroelectric Energy Supply Agreement by the end of the second quarter of 2010. Pursuant to the Province of Ontario’s EA, the Ministry of Environment formed the Mattagami Extension Coordinating Committee in May 2010. Construction activities are expected to commence by the end of the second quarter of 2010.

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 unit closures are expected to occur in October 2010.
- In March 2010, OPG issued a request for indicative pricing to potential suppliers of wood-based biomass fuel for the Atikokan generating station. 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 seeking a directive from the Ministry of Energy and Infrastructure to the OPA to negotiate a cost recovery agreement with OPG. By the end of 2014, all units currently burning coal will be either 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 as approved by the OEB, from October 1, 2008 to September 30, 2009. On March 30, 2010, the OPA approved an energy supply contract, with terms similar to the RMR contract for the period from October 1, 2009 to December 31, 2010. The contract was subsequently executed in April 2010.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended March 31	
	2010	2009
<i>Earnings</i>		
Revenue after revenue limit rebate	1,444	1,481
Fuel expense	248	261
Gross margin	1,196	1,220
Operations, maintenance and administration expense	726	742
Depreciation and amortization	167	178
Accretion on fixed asset removal and nuclear waste management liabilities	165	159
(Earnings) losses on nuclear fixed asset removal and nuclear waste management funds	(141)	6
Restructuring	25	-
Other net expenses	18	26
Income before interest and income taxes	236	109
Net interest expense	45	39
Income tax expenses	48	79
Net income (loss)	143	(9)
<i>Cash flow</i>		
Cash flow provided by operating activities	218	41
<i>Income (loss) before interest and income taxes</i>		
Generating segments	232	243
Nuclear Waste Management segment	(24)	(164)
Other segment	28	30
Total income before interest and income taxes	236	109
<i>Electricity Generation (TWh)</i>		
Regulated – Nuclear	12.0	12.3
Regulated – Hydroelectric	4.8	4.7
Unregulated – Hydroelectric	3.9	4.3
Unregulated – Thermal	3.8	4.3
Total electricity generation	24.5	25.6
<i>Average electricity sales price (¢/kWh)</i>		
Regulated – Nuclear	5.4	5.5
Regulated – Hydroelectric	3.7	3.6
Unregulated – Hydroelectric	3.5	4.4
Unregulated – Thermal	3.7	4.8
OPG average sales price	4.5	4.8
<i>Nuclear unit capability factor (percent)</i>		
Darlington	82.4	99.9
Pickering A	67.3	42.4
Pickering B	97.5	84.9
<i>Availability (percent)</i>		
Regulated – Hydroelectric	93.5	94.2
Unregulated– Hydroelectric	93.8	95.5
<i>Equivalent forced outage rate (percent)</i>		
Unregulated – Thermal	2.6	12.1

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 unaudited consolidated financial statements and Management's Discussion and Analysis as at and for the three months ended March 31, 2010, 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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