

March 4, 2011

ONTARIO POWER GENERATION REPORTS 2010 FINANCIAL RESULTS

[Toronto]: Ontario Power Generation Inc. (“OPG” or the “Company”) today reported its financial and operating results for the year ended December 31, 2010. Net income for the year was \$649 million compared to net income of \$623 million for the year ended December 31, 2009.

Tom Mitchell, President and CEO of OPG, said, “Our generating stations safely and reliably produced about 60% of Ontario’s primary electricity demand. OPG was again the low cost provider of electricity in the province in 2010. I am proud of this accomplishment. OPG is committed to providing low cost electricity to Ontarians through a continuing focus on cost reduction initiatives, completing projects on time and on budget, and doing more for less without compromising safety or the environment.”

Mr. Mitchell continued, “We completed the public hearing process for our application with the Ontario Energy Board for new regulated prices in December 2010. The OEB’s decision is expected in March. After taking into account the proposed rate increases, OPG will continue to provide electricity at the lowest rates in the province.”

“OPG is also focused on project excellence. In 2010, we successfully completed a series of major projects that included the Pickering Vacuum Building Outage, the Safe Storage of Pickering A Units 2 and 3, and the Upper Mattagami-Hound Chute hydroelectric project. We began planning for the refurbishment of the Darlington nuclear generating station. We moved forward with plans to convert our coal-fired stations with biomass and natural gas, and we launched the Lower Mattagami project – Northern Ontario’s first major hydroelectric project in 40 years.”

“OPG’s income before income taxes from our electricity generating segments was \$679 million for the year ended December 31, 2010 compared to \$827 million for the same period in 2009. This decrease of \$148 million was mainly due to lower generation from the hydroelectric and nuclear generating stations, and a reduction in revenue related to a regulatory asset established as a result of a 2009 decision by the Ontario Energy Board.”

Highlights

Net income of \$649 million in 2010 improved slightly over net income of \$623 million in 2009 despite a reduction in gross margin from OPG’s electricity generation segments. Net income increased in 2010 primarily as a result of a decrease in depreciation expense due to an extension of the Darlington nuclear generating station’s operating life, and a reduction in income tax liabilities as a result of the resolution of a number of tax uncertainties related to the completion of a tax audit

for prior years. These factors were partially offset by a decrease in gross margin related to lower production from OPG's hydroelectric and nuclear generating stations and a reduction in revenue associated with the Tax Loss Variance Account authorized by the OEB in 2009.

Total electricity generated in 2010 of 88.6 TWh decreased from 2009 generation of 92.5 TWh. The reduction of 3.9 TWh was primarily due to lower generation from OPG's hydroelectric and nuclear stations, partially offset by higher thermal production. Electricity generation from OPG's hydroelectric stations was 5.6 TWh less than in 2009 primarily due to the impact of lower water levels across Ontario resulting from below normal precipitation. The decrease in nuclear production was primarily due to a planned Vacuum Building Outage ("VBO") at the Pickering nuclear stations, which required the shutdown of all six units in the second quarter of 2010. Thermal generation increased as a result of the lower nuclear and hydroelectric production, and to meet higher primary demand in Ontario during the second and third quarters of 2010 compared to the same periods in 2009.

The unit capability factor for the Darlington nuclear station improved during 2010 reflecting a reduction in planned outage days compared to 2009 when the station conducted its VBO. The unit capability factors at both Pickering nuclear generating stations were lower in 2010 due to an increase in the number of planned outage days primarily attributed to the VBO. The availability of OPG's regulated and unregulated hydroelectric stations remained at high levels. The reliability of the thermal generating fleet improved as a result of fewer unplanned outage days at the Nanticoke and Lambton stations compared to 2009.

On October 1, 2010, the generating capacity of the Thermal stations decreased by 1,730 MW as a result of the closure of four coal-fired units – Units 1 and 2 at the Lambton generating station, and Units 3 and 4 at the Nanticoke generating station. These units were closed in advance of the December 31, 2014 target deadline, as announced in September 2009 by OPG and the Ministry of Energy and Infrastructure. This decision was based on the impact of a shareholder resolution on carbon dioxide emission reductions, forecast capacity and electricity demand profiles. The early closure of these coal-fired units will result in savings to electricity consumers of approximately \$200 million over the next four years.

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 in preparation for new nuclear units at Darlington – the environmental assessment process, and obtaining a site preparation licence. During 2010, OPG provided information in support of the Environmental Impact Statement ("EIS") and the application for the "Licence to Prepare Site" to a Joint Review Panel. On December 14, 2010, the Joint Review Panel announced that public hearings with respect to the EIS and the "Licence to Prepare Site" will begin on March 21, 2011.

- In February 2010, OPG announced its decision to commence the definition phase for the refurbishment of the Darlington nuclear station. The Darlington units, based on original design assumptions, are currently forecast to reach their nominal end of life between 2018 and 2020. The objective of the refurbishment is to extend the operating life of the station by approximately 30 years. OPG is proceeding with site preparation and servicing for the construction of the Darlington Energy Complex, and work is underway to prepare the Environmental Assessment and Integrated Safety Review along with the technical scope for the refurbishment. A detailed cost and schedule estimate is expected in 2014, and construction is expected to start by 2016.

- In February 2010, OPG announced its plans to continue the safe and reliable operation of OPG's Pickering B nuclear generating station for approximately an additional four to six years. OPG is undertaking a coordinated set of initiatives to evaluate the opportunity to continue safe and reliable operations of Pickering B for this extended period of time. The Continued Operations Plan was submitted to the Canadian Nuclear Safety Commission ("CNSC") in the third quarter of 2010 and provides a detailed, comprehensive plan for operating beyond the station's nominal life. In the fourth quarter of 2010, the CNSC requested additional information and commitments related to completing further Integrated Safety Review work. The CNSC staff will present their review of the Pickering B Continued Operations Plan to the CNSC at a Public Meeting in March 2011.

Hydroelectric

- The Niagara tunnel boring machine had advanced 9,152 metres, or 90 percent of the tunnel length, as of December 31, 2010. Installation of the lower third of the tunnel concrete lining was ahead of schedule at 6,563 metres. Restoration of the circular cross-section of the tunnel before installation of the upper two-thirds of the concrete lining was behind schedule at 2,989 metres, but is not expected to delay tunnel completion. Installation of the upper two-thirds of the concrete lining is ahead of schedule at 1,238 metres. Life-to-date capital expenditures for the project were \$880 million at December 31, 2010. The Niagara Tunnel project is expected to be completed within the revised approved budget of \$1.6 billion and the revised approved project completion date of December 2013.

- Replacement of three existing hydroelectric generating stations on the Upper Mattagami River and the Hound Chute generating station on the Montreal River was completed in the fourth quarter of 2010. The stations were declared in-service close to five months ahead of schedule. Total installed capacity of the four stations increased from 23 MW to 44 MW, and expected annual energy increased from 134 GWh to 223 GWh. Total project costs of \$279 million were within the project budget of \$300 million.

- Construction activities on the Lower Mattagami River commenced in June 2010 to add one additional generating unit at each of the existing Little Long, Harmon and Kipling generating stations. OPG will also replace the existing Smoky Falls generating station with a new three-unit station. The project budget of \$2.6 billion includes: the design build contract, contingencies, interest, project management, contract management, impact agreements with First Nations, and transmission connection costs. Access roads have been upgraded and installation of the temporary construction infrastructure continues. In addition, work commenced on the construction of cofferdams at the Little Long and Smoky Falls generating

stations. Upon completion in June 2015, the project will increase the capacity of the four stations by 438 MW.

Thermal

- On August 26, 2010 the Ministry of Energy issued a directive to the Ontario Power Authority to negotiate an energy supply agreement with OPG for the supply of biomass-fuelled electricity generation from the Atikokan generating station. OPG is proceeding with detailed engineering and the negotiation of the Atikokan Biomass Energy Supply Agreement, fuel supply contracts, and the engineering, procurement, and construction contract for the conversion of the station to biomass fuel.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	2010	2009
<i>Earnings</i>		
Revenue after revenue limit rebate	5,375	5,613
Fuel expense	908	991
Gross margin	4,467	4,622
Operations, maintenance and administration expense	2,903	2,882
Depreciation and amortization	698	760
Accretion on fixed asset removal and nuclear waste management liabilities	660	634
Earnings on nuclear fixed asset removal and nuclear waste management funds	(668)	(683)
Restructuring	27	-
Other net expenses	82	76
Income before interest and income taxes	765	953
Net interest expense	176	185
Income tax (recoveries) expenses	(60)	145
Net income	649	623
<i>Income before interest and income taxes</i>		
Generating segments	679	827
Nuclear Waste Management segment	8	52
Other segment	78	74
Total income before interest and income taxes	765	953
<i>Cash flow</i>		
Cash flow provided by operating activities	817	299
<i>Electricity Generation (TWh)</i>		
Regulated – Nuclear	45.8	46.8
Regulated – Hydroelectric	18.9	19.4
Unregulated – Hydroelectric	11.7	16.8
Unregulated – Thermal	12.2	9.5
Total electricity generation	88.6	92.5
<i>Average electricity sales price (¢/kWh)</i>		
Regulated – Nuclear	5.5	5.5
Regulated – Hydroelectric	3.7	3.7
Unregulated – Hydroelectric	3.7	3.2
Unregulated – Thermal	4.3	3.9
OPG average sales price paid through regulated and spot market prices	4.7	4.5
<i>Nuclear unit capability factor (percent)</i>		
Darlington	87.6	85.9
Pickering A	62.4	64.2
Pickering B	76.3	84.0
<i>Availability (percent)</i>		
Regulated – Hydroelectric	92.8	93.6
Unregulated– Hydroelectric	91.6	92.4
<i>Equivalent forced outage rate (percent)</i>		
Unregulated – Thermal	7.3	8.5

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, 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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