

May 17, 2011

**OPG ARRANGES PROJECT FINANCING FOR LOWER MATTAGAMI RIVER PROJECT**

[Toronto]: Ontario Power Generation Inc. (“OPG” or the “Company”) announced today the financial close of a two-tranche, \$475 million private placement bond offering to fund the re-development and expansion of four hydroelectric generating stations on the lower part of the Mattagami river in northeastern Ontario.

The Lower Mattagami Energy Limited Partnership (“LMELP”) is a limited partnership between OPG, as the sole general partner, and LM Energy Inc., a wholly-owned subsidiary of OPG. LMELP reached financial close of a \$225 million private placement issue of senior secured bonds at a fixed 4.331% annual interest rate, due May 18, 2021, and a \$250 million issue at a fixed 5.139% annual interest rate, due May 18, 2041.

This is the first of several private placement issues of senior secured bonds that are planned to be used to refinance commercial paper or other indebtedness, which collectively will complete the forecast \$1.9 billion debt financing required for the project.

The re-development and expansion of four hydroelectric generating stations will utilize available water more efficiently and increase production of clean and renewable electricity. One additional generating unit will be added to three existing stations – Little Long, Harmon and Kipling. The fourth station – Smoky Falls, will be decommissioned and replaced by a new, three-unit, 267 megawatt (“MW”) generating station. The expanded Lower Mattagami River Complex is expected to be in-service by June 2015, with a total generating capacity of 924 MW, an increase of 438 MW.

The re-development and expansion is on schedule. Construction began in June 2010. About 560 workers are currently employed and cofferdams have been completed at Little Long and Smoky Falls. Preparations are underway for similar construction activities at Harmon and Kipling sites.

The bonds received a long-term credit rating of ‘A (high)’ by Dominion Bond Rating Service and ‘A2’ by Moody’s. The re-development and expansion is supported by a long-term Hydroelectric Energy Supply Agreement with the Ontario Power Authority.

The entities making up the Lower Mattagami River Complex are currently wholly owned (directly or indirectly) by OPG. The Moose Cree First Nation has an option to acquire up to 25% of the entity that will own the expansion assets.

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.

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