

May 20, 2011

ONTARIO POWER GENERATION REPORTS 2011 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, 2011. Net income for the first quarter of 2011 was \$151 million compared to \$143 million for same quarter in 2010.

Tom Mitchell, President and CEO of OPG said, “Our financial performance and progress on our generation development projects during the first quarter of 2011 continue to reflect OPG’s commitment to provide low cost electricity to Ontarians. This is made possible by focusing on cost reduction initiatives and on completing projects on time and on budget. I am also proud that OPG is executing these initiatives and projects with employee, public and environmental safety as its utmost priority.”

Mr. Mitchell added, “OPG’s ten operating nuclear units delivered 12.6 TWh of electricity or 34 percent of Ontario’s primary electricity demand during the first quarter of 2011. The nuclear fleet is an important contributor to Ontario’s reliable supply of electricity. At OPG, we understand that we can continue to operate nuclear units only if the people of the province accept that the units are safe. I can assure Ontario residents that these nuclear units are safe. But we are not complacent. In the wake of the nuclear event in Japan, I have asked Wayne Robbins, our Chief Nuclear Officer, to lead a thorough examination of our units and our plans for preventing safety risks and/or responding to them.”

The Ontario Energy Board’s (“OEB”) decision on OPG’s application for new regulated prices for the Prescribed Facilities was issued on March 10, 2011 followed by the issuance of the OEB’s order establishing the new regulated prices. The OEB established regulated prices of \$34.13/MWh and \$55.85/MWh for production from OPG’s regulated hydroelectric and nuclear facilities, respectively, effective March 1, 2011. This compares to previously established regulated prices of \$36.66/MWh and \$54.98/MWh, respectively.

Highlights

Net income for the first quarter of 2011 increased compared to the same quarter in 2010 primarily as a result of a reduction in operations, maintenance, and administration (“OM&A”) expenses at OPG’s nuclear and thermal generating stations, an increase in nuclear generation, the recognition of expenses during the first quarter of 2010 related to the closure of four coal-fired units in 2010, and a reduction in income tax expense related to prior taxation years. The impact of these factors was largely offset by an increase in pension and other post employment benefit expense primarily

due to lower discount rates, the impact of lower thermal generation, and a decrease in gross margin related to regulatory variance accounts based on the OEB's decision and order which became effective on March 1, 2011.

Total electricity generated during the first quarter of 2011 was 22.2 TWh compared to 24.5 TWh during the first quarter of 2010. The decrease in electricity generation was primarily a result of lower thermal generation, partially offset by an increase in nuclear generation. The decrease in thermal generation of 2.8 TWh was largely due to the impact of lower natural gas prices relative to coal prices, which increased electricity generation from other generators. The increase in nuclear generation was primarily a result of a decrease in outage days at the Darlington nuclear generating station due to the scheduling for planned outages, partially offset by the impact of higher planned outage days at the Pickering B generating station.

The capability factor at the Darlington nuclear station of 97.9 percent in the first quarter of 2011 compared to 82.4 percent for the same quarter in 2010 reflected a reduction in planned outage days. The Pickering B station had a lower capability factor as a result of a higher number of planned outage days during the first quarter of 2011 compared to the same period in 2010. The availability of OPG's regulated and unregulated hydroelectric generating stations remained at high levels. The equivalent forced outage rate of 7.8 percent at OPG's thermal generating stations for the first quarter of 2011 continued to reflect the stations strong performance.

Generation Development

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

Nuclear

- The public hearings on the Darlington New Nuclear Project Environmental Assessment and application for "Licence to Prepare Site" began on March 21, 2011 and were completed on April 8, 2011. The Joint Review Panel has allowed for final written submissions by all intervenors and OPG. The hearings mark the final phase of the environmental review, and are an essential element of the Federal approvals process. These hearings are a milestone for OPG and for the nuclear industry in Canada, as this is the first time in over 30 years that such a process has been undertaken for new nuclear units in Canada. OPG has conducted extensive work, has undertaken thorough studies and has concluded that OPG's Darlington New Nuclear project, given planned mitigation, will not result in any significant adverse environmental effects to workers, the public, or the surrounding environment.
- In March 2011, as part of the Darlington Refurbishment project, a Request for Proposal was issued for the Retube and Feeder Replacement for the Darlington generating station, with the selection of a contractor targeted for late 2011. The technical scope is currently being finalized and on track to be completed by June 2011. The Environmental Assessment and the Integrated Safety Review, which forms the basis of the regulatory scope, are on track for submission to the CNSC in late 2011. Site servicing of the Darlington Energy Complex commenced in February 2011, and a design build contract was executed in March 2011.

- 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 beyond its nominal end of life. Work is progressing by incorporating incremental life cycle management inspections and maintenance into the scope, cost, and duration of the outage programs along with other plant equipment improvements. At the March 2011 public meeting, the CNSC staff presented their review of the Pickering B Continued Operations Plan to the CNSC and identified no significant issues.

Hydroelectric

- Mining activity at the Niagara Tunnel was completed. As of March 31, 2011, installation of the lower one-third of the tunnel permanent concrete lining reached 6,963 metres and was ahead of schedule. Restoration of the circular cross-section before installation of the tunnel concrete lining was behind schedule at 3,425 metres, but is not expected to delay tunnel completion. Installation of the upper two-thirds of the concrete lining is ahead of schedule at 2,100 metres. The Niagara Tunnel project is expected to be completed within the approved budget of \$1.6 billion and the approved completion date of December 2013. As at March 31, 2011, the life-to-date capital expenditures were \$961 million.
- Construction activities to add an additional generating unit at each of the existing Little Long, Harmon and Kipling stations on the Lower Mattagami River continued during the first quarter of 2011. The project also includes the replacement of the existing Smoky Falls generating station with a new three-unit station. The project is expected to increase the capacity of the four stations on the Lower Mattagami River by 438 MW. During the first quarter of 2011, the cofferdam at the Smoky Falls generating station was completed. The project is expected to be completed within the approved budget of \$2.6 billion and the approved completion date of June 2015. As at March 31, 2011, the life-to-date capital expenditures were \$423 million.

Thermal

- The strategy to convert coal-fired units to alternative fuels such as biomass, natural gas and gas-biomass dual-fuelled continues to advance. For the conversion of the Atikokan generating station to biomass fuel, OPG continues negotiations with the Ontario Power Authority (“OPA”) for an energy supply agreement. Project planning and procurement activities are proceeding. Fuel procurement is pending the allocation of wood rights by the Ministry of Northern Development, Mines and Forestry. The conversion of two units at the Thunder Bay generating station to natural gas is in the definition phase. OPG is proceeding with both detailed engineering and work associated with the required natural gas infrastructure. OPG continues to explore the possible conversion of some units at the Lambton and Nanticoke generating stations to natural gas, if required, for system reliability as outlined in Ontario’s Long-Term Energy Plan and Supply Mix Directive to the OPA.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three Months Ended March 31	
<i>(millions of dollars – except where noted)</i>	2011	2010
<i>Earnings</i>		
Revenue	1,308	1,443
Fuel expense	166	247
Gross margin	1,142	1,196
Operations, maintenance and administration expense	712	727
Depreciation and amortization	158	166
Accretion on fixed asset removal and nuclear waste management liabilities	172	165
Earnings on nuclear fixed asset removal and nuclear waste management funds	(138)	(141)
Restructuring	-	25
Other net expenses	9	18
Income before interest and income taxes	229	236
Net interest expense	41	45
Income tax (recoveries) expenses	37	48
Net income	151	143
<i>Income before interest and income taxes</i>		
Generating segments	244	232
Nuclear Waste Management segment	(34)	(24)
Other segment	19	28
Total income before interest and income taxes	229	236
<i>Cash flow</i>		
Cash flow provided by operating activities	409	218
<i>Electricity Generation (TWh)</i>		
Regulated – Nuclear	12.6	12.0
Regulated – Hydroelectric	4.6	4.8
Unregulated – Hydroelectric	4.0	3.9
Unregulated – Thermal	1.0	3.8
Total electricity generation	22.2	24.5
<i>Average electricity sales price (¢/kWh)</i>		
Regulated – Nuclear	5.5	5.4
Regulated – Hydroelectric	3.6	3.7
Unregulated – Hydroelectric	3.3	3.5
Unregulated – Thermal	3.1	3.7
OPG average sales price paid through regulated and spot market prices	4.6	4.5
<i>Nuclear unit capability factor (percent)</i>		
Darlington	97.9	82.4
Pickering A	69.4	67.3
Pickering B	82.3	97.5
<i>Availability (percent)</i>		
Regulated – Hydroelectric	92.0	93.5
Unregulated– Hydroelectric	93.9	93.8
<i>Equivalent forced outage rate (percent)</i>		
Unregulated – Thermal	7.8	2.6

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, 2011, 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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