Independent Electricity System Operator
Statement of Comprehensive Income/(Loss) and Accumulated Surplus
(Unaudited)

(in thousands of Canadian dollars)	For the three months ended March 31, 2009	For the three months ended March 31, 2008
	$	$
REVENUES		
System fees	34,055	35,192
Other revenue	242	315
TOTAL REVENUES	**34,297**	**35,507**
EXPENSES		
Labour	19,419	18,965
Computer services, support and equipment	2,654	2,778
Contract services and consultants	1,633	1,163
Telecommunications	718	736
Other costs	1,953	1,551
Smart metering program costs	1,616	979
Amortization	6,168	7,617
TOTAL EXPENSES	**34,161**	**33,789**
Income Before Interest and Investment Income	**136**	**1,718**
Interest income and investment loss	(311)	(137)
Interest expense and financing charges	(1,579)	(1,635)
NET LOSS FOR THE PERIOD	**(1,754)**	**(54)**
OTHER COMPREHENSIVE INCOME	**-**	**29**
COMPREHENSIVE LOSS	**(1,754)**	**(25)**
ACCUMULATED SURPLUS/(DEFICIT) - BEGINNING OF PERIOD	(4,015)	3,014
ACCUMULATED SURPLUS/(DEFICIT) - END OF PERIOD (Note 3)	**(5,769)**	**2,989**

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Independent Electricity System Operator
Statement of Financial Position
(Unaudited)

(in thousands of Canadian dollars)	As at March 31, 2009	As at December 31, 2008
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	17,544	12,691
Accounts receivable	13,657	13,775
Prepaid expenses	2,736	3,958
	33,937	**30,424**
Property & Equipment		
In service	93,525	98,009
Construction-in-progress	1,750	2,127
	95,275	**100,136**
Other Assets		
Long-term investments	14,409	14,972
Deferred costs	1,596	1,596
	16,005	**16,568**
TOTAL ASSETS	**145,217**	**147,128**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	18,388	22,172
Accrued interest on note payable	2,574	1,030
Note payable (Note 4)	78,200	78,200
Rebates to market participants	1,386	1,386
	100,548	**102,788**
Long-term Liabilities		
Accured pension liability	2,763	1,839
Accrual for employee future benefits other than pensions	47,675	46,516
	50,438	**48,355**
TOTAL LIABILITIES	**150,986**	**151,143**
ACCUMULATED DEFICIT (Note 3)	(5,769)	(4,015)
TOTAL LIABILITIES & ACCUMULATED DEFICIT	**145,217**	**147,128**

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Independent Electricity System Operator
Statement of Cash Flows
(Unaudited)

(in thousands of Canadian dollars)	For the three months ended March 31, 2009	For the three months ended March 31, 2008
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(1,754)	(54)
Adjustments for non-cash items:		
Amortization	6,168	7,617
Pension cost	3,125	3,375
Other employee future benefits cost	1,551	1,565
Change in fair value of long-term investments held-for-trading	654	273
	11,498	12,830
Changes in non-cash items related to operations:		
Change in accounts payable and accrued liabilities	(1,262)	(3,056)
Change in accounts receivable	118	94
Change in prepaid expenses	1,222	104
	78	(2,858)
Other:		
Contribution to pension fund	(2,201)	(1,936)
Payment of employee future benefits	(392)	(362)
	(2,593)	(2,298)
Cash provided by operating activities	**7,229**	**7,620**
INVESTING ACTIVITIES		
Net purchase of long-term investments	(91)	(87)
Investment in property and equipment	(2,285)	(5,037)
Cash used in investing activities	**(2,376)**	**(5,124)**
FINANCING ACTIVITIES		
Net retirement of debt	-	-
Cash used in financing activities	**-**	**-**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**4,853**	**2,496**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	12,691	1,229
CASH AND CASH EQUIVALENTS - END OF PERIOD	**17,544**	**3,725**

Supplementary Information: (in thousands of Canadian dollars)

Interest Paid	**-**	**45**

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Independent Electricity System Operator
Notes to Financial Statements (unaudited)

March 31, 2009

1) INTERIM FINANCIAL STATEMENTS

The interim financial statements follow the same accounting policies and methods of their application as the 2008 annual financial statements, except where noted below. The interim financial statements should be read in conjunction with the 2008 annual financial statements. It is management's assessment that the IESO continues to operate as a going concern and these financial statements have been prepared accordingly.

2) REGULATORY APPROVALS FOR 2009

On March 31, 2009, the Ontario Energy Board (OEB) issued its order approving the IESO's application fee of $1000, the usage fee of $0.822/MWh and the IESO's revenue requirements in the amount of $130.3 million and capital expenditures in the amount of $22.9 million.

3) ACCUMULATED SURPLUS

As at March 31, 2009 and December 31, 2008, the components of the IESO's Accumulated Surplus were as follows:

(in thousands of Canadian dollars)	As at March 31, 2009	As at December 31, 2008
Approved regulatory deferral account	5,727	5,000
Accumulated market penalties and fines	1,757	1,832
Accumulated deficit – Smart Metering Entity	(13,253)	(10,847)
	(5,769)	(4,015)

4) DEBT

Note payable to OEFC

The note payable to Ontario Electricity Financial Corporation (OEFC) is unsecured, bears interest at 7.9% per annum and is repayable in full on May 1, 2009. Interest accrues daily and is payable in arrears, in equal semi-annual payments on May 1 and November 1 each year. As at March 31, 2009, the note payable to the OEFC was $78.2 million (December 31, 2008 - $78.2 million).

Credit facility

IESO has an unsecured, committed, and extendible 364-day revolving credit facility agreement with a Canadian chartered bank, under which the bank will make available to the IESO an amount up to $60.0 million. As at March 31, 2009, there are no funds drawn on the credit facility. Advances under this facility are available in Canadian dollars by way of a prime rate loan or the issuance of Bankers' Acceptances at market rates plus a stamping fee of 30 basis points per annum. Unused portions of this credit facility are subject to a commitment fee of 10 basis points per annum.
d credit facility agreement with a Canadian chartered bank, under which the bank will make available to the IESO an amount up to $60.0 million. The credit facility expires on May 1, 2009. Advances under this

facility are available in Canadian dollars by way of prime rate loan or the issuance of Bankers' Acceptances at market rates plus a stamping fee of 30 basis points per annum. Unused portions of this credit facility are subject to a commitment fee of 10 basis points per annum. As at March 31, 2009, there were no funds drawn on the credit facility.

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