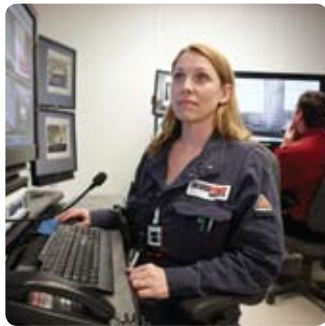


Generating about 70% of Ontario's Electricity

It's All About Performance

2009 MID YEAR PERFORMANCE REPORT



Great people make a great company

OPG has great people, committed to success

"I want OPG to be a company of leaders. I see a company with committed, engaged and aligned employees who demonstrate ownership and accountability for every task, every day and in every place that we work."

Tom Mitchell, OPG President and CEO



OPG President and CEO Tom Mitchell presents the 2009 Power Within Award in Nuclear Business Excellence to David Evans – a Pickering nuclear chemist whose expertise over the years has played a major role in reducing production losses at OPG's nuclear business. OPG is committed to creating a leadership ethic that allows employees like Dave to flourish.

Building a leadership culture

OPG is building a culture that develops and encourages employees to be engaged leaders in the workplace and their community. This year, programs focusing on accountability, excellence and recognition are helping to foster and expand leadership behaviours across the company.

Employees embrace excellence

In 2009, 634 OPG employees were nominated by their colleagues to receive

the company's highest award for achievement in areas such as business performance, health and safety, sustainable development, and community service. A total of 35 winners were selected.

Developing tomorrow's leaders

Among its expanded training opportunities for future leaders, OPG launched the emPowered women program - an initiative designed to recognize and broaden the pool of outstanding women leaders at OPG.

Response to the program has been excellent, with additional sessions being added to address a wait-list of high performing women employees. The program has already graduated 90 women employees and expects to provide training to 75 more by the end of the year and another 150 women in 2010.

Recruitment

In 2008, OPG hired approximately 800 new employees. To attract and retain top talent, OPG continued to ramp up its recruitment efforts in the first half of 2009. Recruitment in skilled trades expanded to 21 colleges, contributing in 2009 to a 75% increase in applicants for Nuclear Operator positions



On June 4, Darlington welcomed 24 new Nuclear Operators in Training. The trainees take part in a comprehensive training program based in the classroom and in the plant to learn about plant systems and how they operate. After successful completion of their training, they will join the ranks of OPG's Nuclear Operators. The initial training is intensive and can take up to two years to complete. New employees are important to OPG as 15% of the company's workforce will be eligible to retire by the end of 2009 – with an additional 4% becoming eligible each year thereafter.



Students talk to OPG Talent Management staff at a Mohawk College recruiting fair. The World Association of Nuclear Operators has recognized OPG's staffing and hiring processes and leadership development programs as being among the company's key strengths.

and a 40-50% increase in other trades positions. In addition, a total of 118 graduate trainees – most of them attached to OPG's nuclear business – are expected to start working at OPG between March and October. About 440 students have also been hired to date under OPG's student hiring program.

OPG continued to participate in a number of outreach and community events

targeting women, Aboriginal peoples and other designated groups to enhance its workforce diversity.

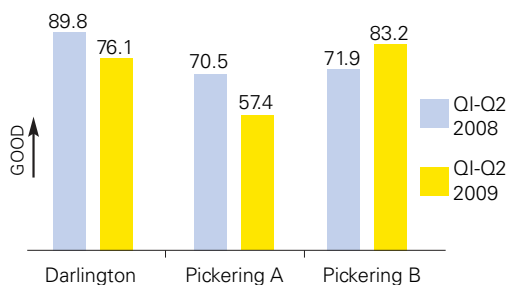
OPG hires approximately 500 students every year.

Weak demand contributes to lower production

Plant reliability remains strong

Three of Pickering B's four reactors finished the first half of 2009 with unit capability factors above 91% – including two units in the high 90% range.

Nuclear Unit Capability Factor (%)

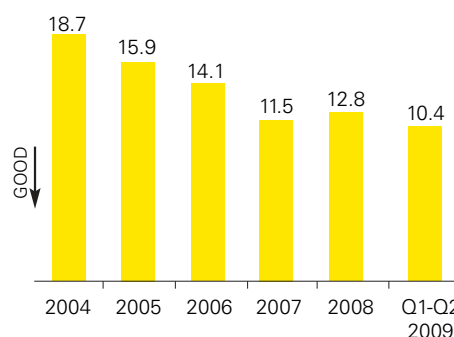


Q1-Q2 Generation

For the six months ended June 30, 2009, total production from OPG's generating stations was 46.5 TWh compared to 55.3 TWh for the same period in 2008. This decline was caused by reduced electricity demand, resulting in lower fossil-fuelled and nuclear production. Fossil generation was also affected by increased electricity production from other Ontario generators. Nuclear production was affected by the successful planned vacuum building outage at the Darlington nuclear generating station, which required a shutdown of all four units.

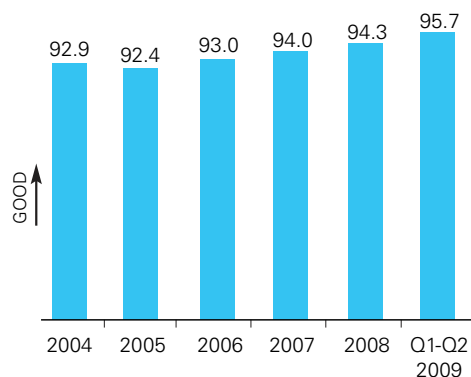
The decrease in Darlington's capability factor was the result of a Vacuum Building Outage (VBO), required every 12 years, which involved the shutdown of the station's four reactors for approximately six weeks. Prior to the start of the VBO, Darlington's unit capability in Q1 2009 was 99.9%. The decline in Pickering A's unit capability reflects higher planned outage days during the first quarter of 2009. Pickering B's reliability improved relative to its Q1-Q2 2008 unit capability, which reflected the shutdown of a unit to replace a calandria tube and an extension to a planned outage.

Fossil forced outage rate (%)



As low demand for fossil-fuelled generation continues, OPG extended its fossil outage schedules and reduced outage scope to lower its maintenance related expenditures. OPG also continued its strategy of ensuring its fossil-fuelled units were available when required and limiting the number of coal-fired units dispatched into the market to reduce equipment wear due to frequent starts and stops. These factors are reflected in Fossil's improved Q1-Q2 2009 reliability results.

Hydro availability (%)



Hydroelectric availability continued to improve in the first half of 2009. This impressive performance was primarily due to excellent equipment performance at most plant groups and the deferral of some planned outages to later in the year to capitalize on high water flows during the first half of 2009.

Spotlight on Darlington

As 2009 unfolds, the Darlington nuclear station continues to build on its reputation and achievement as one of Ontario's most valuable and successful energy assets.

- Successful completion of a massive, six-week Vacuum Building Outage, involving over 4,000 employees and contractors and more than 25,000 tasks completed.
- Excellent plant condition, as revealed from inspections performed during the VBO.
- Achieved 4 million hours worked without a lost time injury.
- Safe, successful completion of major planned outage on Unit 3 reactor
- Safe, successful completion of extensive outage at the station's Tritium Removal Facility.
- Chosen by the World Association of Nuclear Operators to host its leaders' conference – the first such meeting held at a Canadian station.
- Solid leadership: Darlington's new Senior Vice President, Stu Seedhouse, is a veteran nuclear professional, with nearly 30 years experience at Ontario Hydro/OPG.
- CNSC gives Darlington a "fully satisfactory" rating in 10 of 21 categories in its annual Safety Assessment – the highest number of any Canadian nuclear plant.



WANO site vice presidents and plant managers met at Darlington in early July for their annual conference. The WANO leaders, which included nuclear energy professionals from around the world, had high praise for Darlington's performance.

Safety: Our fundamental value

"Zero injuries" focus continues to drive results

"OPG's [safety] performance continues to be outstanding."

Greg Gilpin, Lead Auditor,
Electrical and Utilities Safety Association

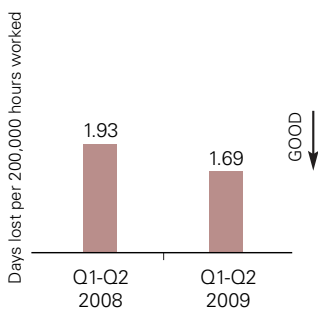
Public water safety initiatives

At the start of every summer, OPG launches its acclaimed summer water safety program to warn Ontarians of the dangers of getting too close to its hydroelectric facilities. This year, OPG again teamed up with the Ontario Provincial Police to broadcast its second water safety TV ad – aimed at fishermen who fish too close to OPG dams and hydro stations. Learn more about OPG's water safety program at www.opg.com/watersafety.

Workplace safety

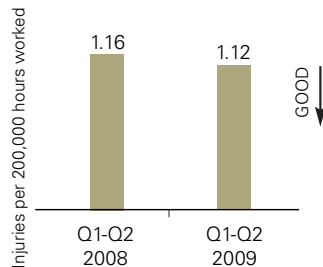
OPG recognizes that a strong safety culture contributes significantly to a productive and healthy workplace. OPG is committed to building a workplace in which ZERO injuries occur. Many individual worksites have made progress towards this goal, going for extended periods – often years – without incurring a lost time injury (LTI). At the end of the second quarter, OPG's

Accident severity rate (ASR)



OPG's Accident Severity Rate (ASR) during the first half of 2009 was slightly better than its ASR during the same period in 2008. OPG's ASR was better than the 2008 top quartile rate set by the Canadian Electricity Association.

All injury rate (AIR)



OPG's All Injury Rate (AIR) in Q1-Q2 2009 also was slightly better than its AIR in Q1-Q2 2008, but was higher than the CEAs 2008 top quartile rate

hydroelectric business and its approximately 1,000 employees had worked 3.8 years without an LTI.

Safety initiatives

Although Q1-Q2 2009 safety performance is trending better compared to the same period in 2008, OPG's two main workplace safety challenges continue to be: (1) the frequency of musculoskeletal disorders (MSD), which are the leading cause of workplace injuries, and (2) the number of "near miss" incidents that could potentially have resulted in serious injury.



OPG's water safety brochure: OPG offers a number of free educational materials on water safety, including a water safety DVD. These materials can be requested by visiting www.opg.com/watersafety.



OPG was recognized this year with the Zero Quest Gold Award from the Electrical and Utilities Safety Association. The award recognizes a company's ability to maintain a high level of safety management and safety performance for four consecutive years. OPG is the only company in the Zero Quest Program to reach this milestone.

OPG has plans in place to reduce these incidents. They include a comprehensive MSD injury reduction program, focusing on ergonomic change and return-to-work improvement strategies; and an Incident Investigation Process Improvement Plan to increase lessons-learned on "near miss" events to prevent their recurrence.

CNSC Releases Annual Nuclear Safety "Report Card"

Canada's nuclear regulator, the CNSC released in June its annual Integrated Safety Assessment of Canadian Nuclear Power Plants. CNSC staff concluded that "nuclear power plants in Canada operated safely during 2008." The report evaluates how well Canada's licensed nuclear plants meet the requirements and performance expectations of the regulator for ongoing implementation of their programs.

This assessment included Pickering A and B, which both received grades of "Satisfactory." The Darlington nuclear station received a grade of "Fully Satisfactory."

The CNSC report measures performance in 21 different safety areas and programs. OPG's Darlington station received the most "fully satisfactory" ratings in these categories of any nuclear station in Canada.

Results of the CNSC report are available on its website at: www.cns.gc.ca.

OPG assets keep Ontario's infrastructure strong

Strategic maintenance ensures their continued reliability

"Several of OPG's hydroelectric stations have been operating for more than 100 years and are still going strong. Few industries have assets capable of doing this."

John Murphy,
Executive Vice President, Hydro

The task of keeping a generating station operating smoothly never stops. Every year, OPG conducts dozens of planned outages and upgrades on its generating units. These improvements help us to continue to provide power for Ontario's businesses, factories, schools and homes.

In the first half of 2009, OPG had challenges in completing some outages on time and on budget; however all outages were successful in their overall goal of implementing key improvements to enhance station reliability and performance.

Nuclear

OPG's nuclear operations undertook and completed four major planned outages – including a massive Vacuum Building



Electrical and Control technician Anand Maharaj performs monitoring during the Pickering A Unit 4 outage. The outage was performed safely, with no lost time injuries, and met all radiological targets. Toward the end of the outage, equipment issues arose and were resolved, pushing the outage about one month beyond its scheduled completion date.

Outage (VBO) at the Darlington station. A fourth outage is scheduled at Pickering B later in the year.



OPG employees work on the Pickering B Unit 5 outage. The outage exceeded its planned completion date by about three weeks to resolve several long-standing equipment issues. Employees completed the outage safely, with no lost time injuries and accomplished nearly 14,000 separate tasks. The outage was brought in under budget.



OPG's largest nuclear project in 2009, the VBO (April 15-May 25) involved the shutdown of all four of the station's units. While exceeding its budget, the outage was completed safely and successfully – with over 25,000 tasks performed. Following the VBO's completion, Darlington Unit 3 remained offline for a planned outage that lasted until July 12. Details of the VBO are outlined in a special report available on www.opg.com.

Hydroelectric

In the first half of 2009, major upgrades, overhauls and maintenance took place at hydroelectric facilities in Northwestern Ontario, Niagara, along the Ottawa and St. Lawrence Rivers, and in central Ontario. When completed, these and other improvements scheduled for the remainder



After providing 25 cycle electricity to Ontario for nearly 80 years, Unit 7 at the Sir Adam Beck 1 generating station was completely replaced with a new 60 cycle unit. The project adds more than 60 MW to OPG's capacity and was completed under budget.

of the year will add over 11 MW of clean, renewable electricity to OPG's hydroelectric capacity.

Fossil

OPG's fossil stations are conducting up to 17 major planned outages in 2009, of which 10 have already been completed. Most of these outages are normally conducted in the Spring. This enables the stations to better respond to potential changes in Ontario's energy needs brought on by warmer summer weather or spikes in demand.



Mayor Steve Arnold (background) of St. Clair Township learns about a low pressure rotor removed from Unit 1 of the Lambton generating station. During the outage, all major boiler, turbine and generator components were inspected to ensure the unit's flexibility and responsiveness in case of sudden increases in electricity demand.

OPG builds strong relations with First Nations

...to create a solid platform for business success

"This is a significant moment in our First Nation's history."

Lac Seul First Nation Chief Clifford Bull, speaking at the grand opening of the Lac Seul generating station in April.



Accompanied by OPG President and CEO Tom Mitchell, Chairman Jake Epp makes a formal apology to the Whitesand First Nation, including Chief Allan Gustafson, to address past grievances.

First Nations partnerships advance hydro development

OPG recognizes and respects the important role First Nations communities play in the development of clean, renewable hydroelectricity for Ontario. Since 2005, the company has signed several past grievance settlements and partnership agreements with First Nations. These initiatives help lay the groundwork for OPG's hydroelectric expansion. They also unlock economic opportunities for First Nations by enabling them to participate commercially as part-owners in new hydroelectric projects being developed by OPG.

This mutually beneficial process continued in 2009 with separate past grievance settlements being signed between OPG and the Moose Cree First Nation, the Red Rock First Nation, and the Whitesand First Nation.

In another important development, the Lac Seul generating station entered service in February. The station is partially owned by the Lac Seul First Nation, making it the first commercial partnership for generating electricity between OPG and a First Nation.

With the launch of Lac Seul, OPG has ushered in a whole new way of growing Ontario's hydro supply.



Lac Seul First Nation (LSFN) Chief Clifford Bull at the Lac Seul generating station opening ceremonies. Participants also included OPG Chairman Jake Epp; Executive Vice President Hydro, John Murphy; and Deputy Premier and Ontario Minister of Energy and Infrastructure, George Smitherman.



National Aboriginal Day celebrations at OPG's head office in Toronto: OPG held several such events at its sites across Ontario.



Reading and other fun activities are part of OPG's Reading is Cool Day at Moose Cree First Nation. The event is part of OPG's support for the Lt. Governor's Aboriginal Youth Summer Reading Camp Program. OPG also supports the program and event at the Wabaseemoong First Nation.

Strengthening ties with Aboriginal communities

OPG's relationship with Ontario's Aboriginal communities goes beyond commercial partnerships to include educational programs, scholarships and support for local cultural events.

This summer, OPG once again was a proud supporter of the Lt. Governor's Aboriginal Youth Reading Camp Program. The Program helps build literacy skills among Aboriginal youth living in remote Ontario communities.

OPG also held special events at several of its sites in honour of National Aboriginal Day on June 21. Celebrations took place at OPG's Head Office in Toronto and at its sites in Pickering, Nanticoke, Thunder Bay and Niagara.

Building workforce diversity

OPG prides itself on its diverse workforce and seeks to enhance that diversity. This includes building diversity through outreach and recruitment efforts targeted at the Aboriginals.

As part of its Aboriginal focus, OPG was a sponsor of the Aboriginal Human Resource Council's April 2009 Conference in Vancouver. OPG representatives participated in a career fair, held mock interviews and profiled OPG as an employer to potential future Aboriginal employees.

OPG Hydro representatives work closely with local First Nation communities to develop programs to help Aboriginal youth determine education and career paths.



The Aboriginal Human Resource Council Conference was attended by OPG staff and sponsored in part by OPG.

For additional information on OPG's Aboriginal initiatives please visit: www.opg.com.



A young Aboriginal participant enjoys National Aboriginal Day at OPG's Nanticoke Generating Station.

OPG is developing cleaner, renewable energy

Progress continues on new hydro projects

“When you look at the economic impact of this project...it's great news for Timmins and Northeastern Ontario.”

Timmins Mayor Tom Laughren, speaking about OPG's Upper Mattagami and Hound Chute hydroelectric development project

As the year unfolds, OPG's hydroelectric expansion program is proceeding well. New supply is coming online; new projects are advancing; and important agreements were achieved with several First Nations communities – preparing the way for additional hydro development for Ontario and increased economic opportunity for Ontario's Aboriginal Peoples.

Niagara Tunnel budget and timeline revised

At the end of June, the Tunnel Boring Machine had advanced more than 4,500 metres – almost half the tunnel's length. Concrete lining of the bottom portion of the Tunnel had advanced approximately 1,300 metres. During the year, OPG and the Tunnel contractor, Strabag,



The entrance to the Niagara Tunnel, going under the city of Niagara Falls. The Tunnel's distance has been reduced by about 200 metres due to an alignment revision – shortening its length from 10.4 kilometres to 10.2 kilometres.

renegotiated the original design-build contract to accommodate a revised target cost and schedule. Originally scheduled to be completed in June 2010 at a cost of \$985 million, the Tunnel is now targeted for completion by December 2013 at a cost of \$1.6 billion. The Tunnel will have an expected lifespan of 90 years when complete.

Lac Seul enters service

The 12.5 MW Lac Seul generating station entered service on February 18, and is now producing clean, renewable hydropower for Ontario.



The Lac Seul GS in Northern Ontario is also known in Ojibway as the White Pine Narrows GS.

Upper Mattagami and Hound Chute

Launched over one year ago, the redevelopment work on four OPG stations in Northeastern Ontario continued in 2009. It included rebar installation and concrete pouring for the powerhouse structures. Major financing for the project of \$200 million was also secured. When the project is complete, the combined capacity of the stations will almost double to 44 MW.



Redevelopment work on the Hound Chute generating station's powerhouse.

Lower Mattagami development reaches milestone

OPG is proceeding with a development plan to increase the capacity of its four hydroelectric stations on the Lower Mattagami River by 450 MW. The project took a significant step forward in May when the Moose Cree First Nation ratified an agreement with OPG resolving past grievances and impacts associated with the construction and operation of OPG facilities in the area. The agreement also provides the Moose Cree First Nation with the ability to purchase up to a 25% equity stake in the project.

Other First Nations developments

In addition to the Moose Cree agreement, OPG reached two other important agreements with Ontario First Nations' communities in 2009. Final settlement agreements were concluded respectively with the Red Rock First Nation and the Whitesand First Nation. Both agreements were accompanied by formal apologies from OPG for past grievances. OPG also launched an Environmental Assessment (EA) on a proposed 100 MW hydroelectric development on the Little Jackfish River, north of Lake Nipigon. As part of the EA process, OPG and the Lake Nipigon First Nations will be working co-operatively to assess the environmental, cultural and socio-economic impacts of the project.

Maintaining our strength in flexible generation

OPG proceeds with new gas and biomass initiatives

“The use of biomass as a fuel to generate electricity would help stimulate a made-in-Ontario industry...and also make use of existing OPG plants that are owned by the people of Ontario.”

Chris Young, OPG Vice President,
Fossil Projects, responsible for
OPG's Biomass Program

As it moves to stop burning coal by the end of 2014, OPG is exploring new and cleaner ways to ensure that Ontario continues to have an adequate supply of flexible and responsive electricity generation.



Jane Todd is OPG's Program Manager, Northwest Fossil. In February, Jane delivered a keynote presentation on OPG's biomass program at Lakehead University's Research and Innovation Week.

OPG and TransCanada Energy and is operated independent of OPG's generating facilities.

OPG's Biomass Program: harnessing energy from our fields and forests

OPG continues to explore the commercial viability of safely burning carbon-neutral biomass fuel (i.e., fuel from forest and agricultural based sources) at some of its fossil units. Test burns were conducted through much of 2008 on select units at OPG's Atikokan, Nanticoke and Lambton coal-fired stations. These test burns were suspended in late 2008 following a biomass explosion involving wood pellets at OPG's Atikokan station. No one was hurt, but an investigation of the accident was immediately launched. Completed in June 2009, the study identified areas for further review before the burning of wood pellets is resumed. OPG's work on other essential aspects of biomass development is proceeding well.

OPG is also working with the agriculture and forestry industries, along with other stakeholders, to help develop a commercially viable biomass industry and infrastructure. In early 2009, OPG held a Biomass Information Session in Toronto



The Atikokan generating station safely returned to service in February 2009. OPG is working to make it the first plant in its fleet to be converted to burning biomass by 2012.



Deputy Premier and Energy and Infrastructure Minister George Smitherman toured the Thunder Bay generating station in April and discussed biomass initiatives with OPG staff.

Portlands Energy Centre is fully operational

In April, construction was completed on the 550 MW Portlands Energy Centre – well ahead of its scheduled in-service date of June 2009. The facility is a high-efficiency, combined cycle, natural gas-fired plant designed to meet the electricity needs of Toronto's downtown core. Prior to its April 2009 startup, Portlands operated in simple-cycle mode during the summer of 2008. Portlands is a partnership between

that attracted close to 200 participants. Following the conference, OPG issued a “request for expressions of interest” (RFEI) to potential suppliers of biomass fuel and transportation services. A total of 80 submissions were received. OPG will use the information it receives to further develop the business case for safe and efficient commercial scale biomass electricity generation.



OPG has produced an informative DVD on its biomass program. It can be viewed by accessing OPG's website: www.opg.com.

New nuclear procurement process suspended

OPG to continue EA, approvals and refurbishment processes

“Emission-free nuclear power remains a crucial aspect of Ontario’s supply mix.”

George Smitherman,
Deputy Premier and Energy and
Infrastructure Minister

New nuclear RFP process on hold

On June 29, the Ontario government suspended the competitive Request for Proposals (RFP) process to procure two new nuclear reactors planned for the Darlington site. The decision followed submission of proposals to the government from: AREVA NP; Atomic Energy of Canada Limited (AECL); and Westinghouse. While only AECL’s submission was in compliance with the government’s RFP terms, concern about the evaluated price and uncertainty over AECL’s future prevented the government from proceeding with the procurement process at this time.

OPG continues approvals

OPG will continue the environmental assessment and licensing activities required toward a successful preparation of the two new units at the Darlington site.

As part of the environmental assessment, OPG completed in May its fifth round of community information sessions to inform community stakeholders and others about the project and receive their input. OPG plans to submit the new nuclear Environmental Impact Statement and an application for a Licence to Prepare the Site later this year. In July, the Council of the Municipality of Clarington, host to the Darlington nuclear station, gave preliminary approval to a host municipal agreement that outlines potential community impacts and compensation as a result of the new nuclear project.



The Darlington station is an excellent candidate for refurbishment. Inspections conducted during its recently completed vacuum building outage and other recent outages have confirmed the station’s robust plant condition.

Refurbishment studies continue

OPG is studying the feasibility of extending the operating lives of the Pickering B and Darlington nuclear stations through refurbishment.

Pickering B refurbishment: Following the Canadian Nuclear Safety Commission’s (CNSC) approval of the Pickering B Environmental Assessment in January, work continues on a Final Integrated Safety Review, which is scheduled to be submitted by OPG to the CNSC in the Fall. A refurbishment business case is also being developed for submission to the OPG Board, which will ultimately decide on the feasibility of refurbishment.

Darlington refurbishment: Planning work for assessing the feasibility of refurbishing Darlington began in 2008. Technical studies are underway to evaluate the condition of critical plant components. Planning is also underway to undertake an Environmental Assessment and an Integrated Safety Review and submit both

to the CNSC for review. A preliminary feasibility assessment has been completed. OPG continues to assess the feasibility of refurbishment to determine whether to proceed to the definition phase of the project.



Nuclear Licensing and Environment Director, Laurie Swami talks with local community stakeholders during OPG’s latest round of New Nuclear community information sessions. OPG has conducted a total of 38 such sessions – reaching approximately 1,100 people.

Committed to communities and the environment

OPG is a leader in biodiversity

"Congratulations to the Niagara Plant Group...for aggressively greening their seven facilities."

Hon. John Gerretsen,
Ontario Minister of the Environment

A committed corporate citizen

OPG invests time, effort and resources in the communities that host its facilities. This includes spin-off benefits from our operations and projects, volunteer work by employees and financial support. Through its Corporate Citizenship Program (CCP), OPG helps support hundreds of not-for-profit community, environmental and educational initiatives in its site communities across Ontario. In the first six months of 2009, more than 500 local initiatives had received CCP support.



The Atikokan Voyageurs Atom Team is a mixed boys-and-girls hockey team, sponsored by OPG's Atikokan generating station. It is one of over 250 youth amateur sports initiatives which OPG's Corporate Citizenship Program helps support every year.

An environmentally responsible electricity generator

OPG's community commitment embraces a wide range of sustainable development activities. This includes a number of major biodiversity initiatives, an area where OPG is a recognized leader. These initiatives help demonstrate OPG's ability to co-exist with nature without causing or contributing to the long-term decline of species or habitats on a regional basis. OPG's biodiversity and other environmental initiatives are

outlined in the company's 10th annual Sustainable Development report, available at www.opg.com.

OPG community and environmental awards in 2009

- OPG's Niagara Plant Group recognized as newest member of the Ontario Ministry of the Environment's Environmental Leaders Program. The program promotes environmentally friendly practices and environmental leadership. OPG is the first electricity sector organization to be included in the program.
- Nanticoke GS receives Ontario "Passport to Prosperity Merit Award" for consistently providing outstanding learning opportunities to secondary school students through its long-standing co-op program.
- Thunder Bay GS is awarded an Environmental Stewardship Award by the Thunder Bay Chamber of Commerce at its Annual Business Awards celebration.
- Thunder Bay GS receives 2008 Environmental Stewardship Award from the Lake Superior BiNational Forum. The award recognizes the station's work in reducing toxins in Lake Superior, its voluntary program of measuring emissions, and its community outreach.



Over 100 Nanticoke generating station employees, their families and local Scouts from the Haldimand District Scouts organization volunteered on Earth Day, April 22, to plant more than 1,500 seedlings on site as part of Nanticoke's biodiversity program. In 2009, OPG and its partners planted more than 500,000 native trees and shrubs in Ontario for a total of 3.8 million since its tree-planting program began in 2000.



OPG employee volunteers spent a Saturday in May doing Spring yard work for more than a dozen of their senior neighbours in Durham Region. "You have restored my faith in humanity," exclaimed one grateful homeowner.

Financial performance under pressure

Enhanced focus on financial restraint and efficiency



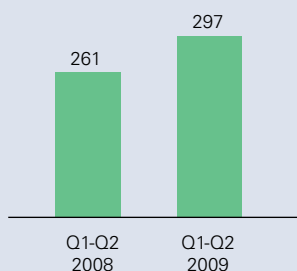
OPG's Nanticoke coal-fired generating station on Lake Erie: In the first half of 2009, OPG established an agreement with the Ontario Electricity Financial Corporation (OEFC) for maintaining its Nanticoke and Lambton coal-fired generating stations. The agreement enables the stations to be available to respond to increases in electricity demand while production and revenue is limited by reduced emission targets.

Net income increases slightly

OPG's net income for the first six months of 2009 was \$297 million compared to \$261 million for the same period in 2008. Factors contributing to this increase included:

- higher earnings on OPG's nuclear funds, and
- the recognition of a regulatory asset related to a tax loss variance account authorized by the Ontario Energy Board.

OPG net income (\$ million)

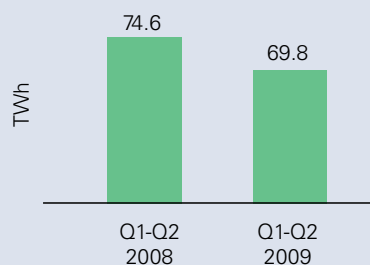


Earnings under pressure

OPG's earnings were negatively affected by lower prices received for generation from its

fossil-fuelled and unregulated hydro stations as well as by lower generation from the company's fossil-fuelled and nuclear stations. Higher fuel prices and fuel-related costs for OPG's fossil business also had a negative effect on earnings. The unfavourable impact of lower generation, lower electricity sales prices, and higher fuel-related costs at the Nanticoke and Lambton generating stations was largely offset by revenues related to a contingency support agreement with the OEFC to provide for the continued reliability and availability of these stations.

Ontario primary demand declines



Ontario's primary electricity demand fell by about 6% in the first half of 2009 – one of several factors that threaten to negatively affect OPG's production and financial results going forward.

Responsible fiscal management

OPG has instituted a number of cost constraint measures this year and plans to pursue further cost reduction opportunities in 2009 and beyond. These include a commitment to reduce costs by \$85 million in 2010; to develop a new, more efficient procurement and payment system as part of a comprehensive business-process re-engineering program; and to continue to build a "value for money" culture by vigilantly managing expenditures and contracts. Additional cost reduction measures for 2009 include: establishment of a cost reduction target, representing 20% of expenditures for travel, accommodation, conferences, etc.; compensation restraints and reductions, including a freeze on senior executive salaries; mandatory use of competitive bid processes for all consulting services; and savings achieved through a Support Function Review process.

Financial management achievements

OPG implemented a number of financial best practices in the first half of 2009 which contributed to the company's financial sustainability. They include:

- Securing \$200 million in project financing for the Upper Mattagami and Hound Chute development projects.
- During the first quarter, OPG renewed and extended the maturity date of a \$500 million short-term bank credit facility – at a time when the availability of credit was very limited.
- Leadership and expertise in converting accounting practices to the International Financial Report Standards.



Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fibre
www.fsc.org Cert no. SGS-COC-004789
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Where to go for more information about OPG

General information, including press releases, speeches, and financial, environmental and safety information: www.opg.com.

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GENERATION