

September 23, 2013

OPG ARRANGES PROJECT FINANCING FOR LOWER MATTAGAMI RIVER PROJECT

Toronto: Ontario Power Generation Inc. (OPG) reached financial close of a \$200 million private placement bond offering to fund the redevelopment and expansion of four hydroelectric generating stations on the lower part of the Mattagami River in northeastern Ontario on Sept. 23, 2013.

The bonds were issued by Lower Mattagami Energy Limited Partnership (LMELP), 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 the \$200 million private placement issue of senior secured bonds at a fixed 4.944 per cent annual interest rate due Sept. 21, 2043.

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

The redevelopment 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 each of three existing stations at 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 will have a total generating capacity of 924 MW, an increase of 438 MW.

Construction on this project began in June 2010 and continues to progress well towards completion in 2015. Approximately 1,600 people are currently employed by the project, including about 200 First Nation and Métis workers.

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

The entities that form 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 per cent of the entity that will own the expansion assets, which are the additional units at each of the three existing stations and the new Smoky Falls station.

OPG 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.

- 30 -

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