UNDERTAKING J14.1

Undertaking

To provide report on compliance with the Agency Review Panel report.

Response

The reports on executive compensation for 2008 and 2009 are attached to this response as Attachment 1 and Attachment 2, respectively.

Form 51-102F6
Statement of Executive Compensation
(with respect to financial year ended on December 31, 2008)

Ontario Power Generation Inc.

Compensation Discussion and Analysis

Executive Summary

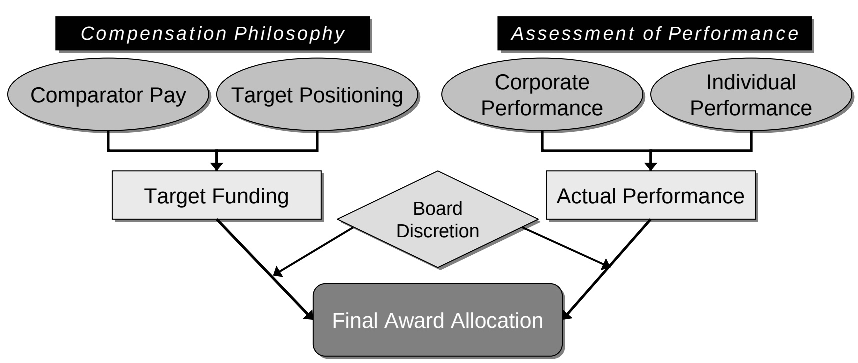
This Compensation Discussion and Analysis describes the material elements of the compensation paid to the named executive officers ("NEOs") of Ontario Power Generation Inc. ("OPG"). When we refer to the NEOs in this Compensation Discussion and Analysis, we are referring to the following five individuals as a group:

Position	Name	OPG Title
Principal Executive Officer	J.F. Hankinson	President & Chief Executive Officer
Principal Financial Officer	D. Hanbidge	Chief Financial Officer
Next three most highly compensated executive officers	P. Charlebois	Executive Vice President & Chief Operating Officer
	T. Mitchell	Chief Nuclear Officer
	W. Robinson	Senior Vice President, Nuclear Refurbishment

OPG's compensation program for the NEOs is generally designed to provide them with total target compensation at the 50th percentile of comparator companies with which we compete for executive talent (the "comparator group"). We describe our philosophy on, and process with respect to, executive officer compensation below, followed by an analysis of the resulting compensation paid to each NEO during 2008 under "2008 Compensation for Named Executive Officers".

Context / Overview

The following diagram outlines the key elements involved in the funding and allocation of compensation to our executives, and is intended to provide the reader with a sense of how the various elements of target pay (i.e., our executive compensation philosophy) and actual performance are combined to determine individual pay decisions:



Compensation Governance

The OPG Board of Directors ("Board") follows best practices when dealing with compensation. There is a five member Compensation and Human Resources Committee ("CHRC") of the Board. The current CHRC members are former and seasoned CEOs and senior executives of large, complex, multi-national corporations including international nuclear companies, each of whom brings considerable financial and human resources experience to the CHRC. The CHRC is responsible for overseeing all significant compensation matters including:

- Reviewing compensation structures, decisions and payouts (base salary, short-term incentive, etc.), and ensuring the link between pay and performance.
- Reviewing annually and approving changes, as appropriate, to OPG compensation, including compensation principles and objectives for total compensation, desired competitive positioning and comparator groups.
- Ensuring that executive compensation levels and performance targets are consistent with the Board's compensation philosophy and aligned with and designed to achieve OPG's strategic and operating objectives.
- Overseeing senior executive pay as it relates to corporate governance, including total compensation, individual contract provisions in senior executive employment offers, plus severance agreements.

The Compensation Committee has independently engaged Mercer (Canada) Limited to provide support to the Committee in determining compensation for the NEOs during the most recently completed fiscal year. Decisions made by the CHRC, however, are the responsibility of the Committee and may reflect factors and considerations other than the information and recommendations provided by Mercer.

Objectives of Executive Compensation

OPG maintains a compensation philosophy that is designed to ensure that it attracts, retains and motivates key talent in a highly specialized and technical industry that is facing increasing competition for resources.

The CHRC's compensation philosophy is focused on total compensation, including base salary, short-term incentives, benefits, and pension, and will continue to do so consistent with the Agency Review Panel report, issued in 2007.

Comparator Group

OPG seeks to offer a competitive total compensation package. In order to ensure that our NEOs are competitively compensated, OPG benchmarks total compensation and each component of total compensation against market data for a comparator group of organizations.

Pursuant to the recommendations of the Agency Review Panel report, OPG benchmarks against the 50th percentile of compensation levels for a combined private and public sector comparator group.

In selecting the comparator group, OPG includes organizations of similar size, scope and complexity and includes only organizations that manage large assets and large operations. The following comparator group, composed of equally weighted private sector and public sector sub-groups of organizations, is used to make market comparisons of NEO compensation:

Private Sector	Public Sector
Air Canada	Atomic Energy of Canada Limited
Atco Ltd	BC Hydro
Canadian Natural Resources	Canada Post
Canadian Pacific Railway	Canadian Broadcasting Corporation
CN Rail	Hydro One Inc
Enbridge Inc	Hydro Quebec
Husky Energy	London Health Sciences
Nexen Inc	Mount Sinai Hospital
NOVA Chemicals Corp	Sunnybrook Health Sciences Centre
Talisman Energy Inc	The Hospital for Sick Children
TransAlta Corp	Trillium Health Centre
TransCanada Corp	University Health Network

Elements of Cash Compensation

Executive cash compensation consists of two main elements: base salary and short-term incentives.

Base Salary

The CHRC establishes salary ranges for all non-unionized (Management Group) staff including all Executives. The OPG salary structure is very detailed and rigorously maintained with base salaries defined by job responsibilities and salary ranges defined for each job level. When reviewing executive salaries (and incentives and benefits), the CHRC uses its external compensation advisors to provide information on the executive compensation market.

Aligned with the Agency Review Panel recommendations, OPG positions itself to the 50th percentile of the comparator market.

Short-Term Incentives

Each of the NEOs in this report participates in an Annual Incentive Plan (“AIP”). There is a rigorous process applied to this plan each year. Corporate and individual scorecards are set out at the beginning of the year, outlining the expectations for performance. After the CEO has agreed on performance targets, the scorecards are reviewed and approved by the CHRC. The CHRC and the Board have the latitude to adjust the recommended awards under the plan. AIP awards for senior executives are based on an equal weight of corporate and individual performance.

The level of incentive award varies according to position level and specific employment agreements. The following table shows the incentive target, as a percentage of base salary, for each NEO:

Name	Short-Term Incentive Target	Weighting	
		Corporate	Individual
J.F. Hankinson	100%	50%	50%
D. Hanbidge	45%	50%	50%
P. Charlebois	75%	50%	50%
T. Mitchell	45%	50%	50%
W. Robinson	45%	50%	50%

Short-term incentives are based on the achievement of pre-established corporate and individual performance objectives for the year. The amount of an annual incentive award under the AIP is determined by the following formula:

Salary X Target % X [Weight 50% X Corporate Performance + Weight 50% X Individual Performance] = AIP Award

Corporate Performance

Level of Performance	*Score*
Maximum	1.5
Target	1.0
Threshold	0.5

Individual Performance

Level of Performance	*Score*
Maximum	1.5
Target	1.0
Threshold	0.5

Corporate Performance
The Corporate Scorecard is communicated to all employees each year. Each measure has pre-set goals for threshold, target and maximum performance. Threshold level of performance results in a score of 0.5. Target performance is equal to a score of 1 and maximum performance score is 1.5. Scores between these values can be awarded. If performance does not meet threshold levels, then a score of 0 is given. The targets are set carefully each year and are designed to align with the business plan and improve on the previous year's performance, where possible. The CHRC thoroughly reviews the targets and measures and makes a recommendation to the Board for approval. At the end of the year, the CHRC determines the corporate performance score based on the numerical data and the assessment and recommendation of the CEO. In addition to measurements against target performance in finance, productivity and strategic initiatives, the Board reserves the right to assess performance in these areas and in additional areas such as, but not limited to, safety and the environment. The Corporate Scorecard for 2008 focused on Operation, Maintenance and Administrative cost savings, productivity and availability of generating assets and strategic initiatives such as safety, environment, leadership development, project management and process improvements.

Individual Performance
Individual scorecards are set out at the beginning of the year that describe performance expectations. Individual scorecards are based on expected performance in areas such as finance, productivity, effectiveness and program deliverables. Each measure has pre-set goals for threshold, target and maximum performance. Threshold level of performance results in a score of 0.5. Target performance is equal to a score of 1 and the maximum performance score is 1.5. Scores between these values can be awarded. If performance does not meet threshold levels then a score of 0 is given. Individual performance results are measured and scores recommended by the CEO are then reviewed and approved by the CHRC and the Board.

The following table summarizes the corporate performance measures and resulting achievement for 2008:

Performance Measure	Percentage Achieved of Target	Weighting	Resulting Achievement
Cost Control	120%	20%	.24
Production	90%	40%	.36
Strategic Initiatives	110%	40%	.44

The Corporate score for 2008 was 1.04

The AIP awards for 2008 were reduced by five percent by the CHRC.

Material Terms of Employment Agreements and Arrangements with Named Executive Officers

The following is a summary of the material terms of the employment agreements for the NEOs. For further information regarding the NEO's pension benefits and other post-employment compensation, see "Pension Benefits" and "Termination Without Cause and Change in Control".

Mr. Hankinson
OPG entered into a three-year employment agreement with Mr. Hankinson commencing on May 13, 2005. The agreement has been extended for a one-year term with the provision of a $200,000 retention bonus and with all other conditions remaining from his original contract. In Mr. Hankinson's original employment agreement, he was eligible for a retention bonus of $600,000 upon the completion of his employment term. At the end of the original term (May 2008), Mr. Hankinson received his retention bonus as reported in the Summary Compensation Table. Mr. Hankinson is also provided with a $24,000 annual executive allowance.

Mr. Hankinson participates in the OPG registered and supplementary pension plans. His employment agreement provides that he will receive a pension benefit equal to 2% of his final average earnings multiplied by his years of pensionable service and that, for each year of service, he receives two years of pensionable service. The increase in pensionable service was provided because Mr. Hankinson joined OPG late in his career. Pensionable earnings include base pay plus AIP as per the pension benefits provided to Management employees hired after July 1, 2001. Pension benefits are indexed annually at 50% of the change in CPI to a maximum of 3.5% per annum.

Mr. Hanbidge
Mr. Hanbidge's employment agreement with OPG, commenced in 1999 with an offer letter dated July 28, 1999, and was amended with an agreement dated September 23, 2005 for an indefinite term. Mr. Hanbidge participates in OPG's registered and supplemental pension plans and is provided with a $30,000 annual executive allowance.

Mr. Charlebois
On May 30, 2008, Mr. Charlebois retired from OPG and began to receive monthly pension benefits as described in the Pension Benefit section. Due to Mr. Charlebois' experience and contributions to OPG, he was asked to remain as a term employee in his current position for an additional year. As a result, Mr. Charlebois entered into an employment agreement which provides that he will be employed for a term of

12 months, commencing on June 1, 2008 and ending on May 31, 2009. He is eligible to continue participation in the annual incentive plan for the duration of his agreement and it is understood that he is eligible to receive a prorated award for months worked in 2009. Mr. Charlebois does not participate in any employment related benefit programs, including, but not limited to, the health and dental benefits program, flexible benefits, or pension plans, unless they are available to him as a retiree.

Mr. Charlebois' employment will terminate on May 31, 2009 and no severance or pay in lieu will be payable by OPG at the end of the employment period.

Mr. Mitchell
OPG entered into a three year employment agreement with Mr. Mitchell, commencing on December 1, 2006. Mr. Mitchell is provided with a $30,000 annual executive allowance.

Mr. Mitchell has an individual pension agreement in lieu of OPG's regular pension arrangements which will provide him with a monthly pension of $12,800 USD commencing December 1, 2009. This pension is indexed annually at 50% of the change in CPI. Mr. Mitchell's pension arrangement was negotiated because of the difficulties attracting staff to Canada from the United States.

Mr. Robinson
Mr. Robinson's current employment agreement commenced on April 1, 2002, superseding a previous agreement on September 1, 1999, and is in effect until the end of the month following his 65th birthday (November 2013).

Mr. Robinson participates in the OPG registered and supplementary pension plans. Based on the terms of his prior employment agreement, Mr. Robinson received two years of pensionable service for each of his first five years of employment. Mr. Robinson is an experienced executive who was successfully recruited by OPG from the United States. Mr. Robinson is provided with a $30,000 annual executive allowance.

Summary Compensation Table

The following table summarizes the compensation paid by OPG for the year ended December 31, 2008 to the Chief Executive Officer, Chief Financial Officer and to each of the three most highly paid officers, other than those who served or acted as the Chief Executive Officer and Chief Financial Officer.

The information provided in the Summary Compensation Table below differs from that published under the Public Sector Salary Disclosure Act (Ontario) for the year ended December 31, 2008. The differences are due to the timing of payment of incentive awards. Salary disclosure under the Public Sector Salary Disclosure Act is limited to amounts reported on T4 forms for each year. Information in the Summary Compensation Table is based on the year the incentive was earned. The incentive is generally earned in one year and paid in the following year.

Name and Principal Position	Year	Salary ($)	Annual Incentive Plan ($)	Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
J.F. Hankinson President & CEO	2008	$860,000	$898,700	$1,010,000	$683,246[1]	$3,451,946
D. Hanbidge Chief Financial Officer	2008	$390,000	$174,228	$140,000	$57,822[2]	$762,050
P. Charlebois Executive Vice President & Chief Operating Officer	2008	$877,472[3]	$495,134	$80,000	$47,293[4]	$1,499,899
T. Mitchell Chief Nuclear Officer	2008	$610,000	$272,510	$180,000	$33,367[5]	$1,095,877
W. Robinson Senior Vice President, Nuclear Refurbishment	2008	$580,000	$252,042	$260,000	$47,750[6]	$1,139,792

[1] Includes retention bonus of $600,000; flexible benefits of $50,100; executive allowance of $24,000; professional membership fees of $3,676; and life insurance taxable benefit of $5,470

[2] Includes executive allowance of $30,000; flexible benefits of $24,396; and life insurance taxable benefit of $3,426.

[3] Includes standard end-of-employment payments of $212, 472

[4] Includes executive allowance of $30,000; flexible benefits of $14,999; and life insurance taxable benefit of $2,294.

[5] Includes executive allowance of $30,000; and life insurance taxable benefit of $3,367.

[6] Includes executive allowance of $30,000; flexible benefits of $13,958; and life insurance taxable benefit of $3,792.

2008 Compensation for the Named Executive Officers

Mr. Hankinson
Mr. Hankinson's base salary was not increased in 2008.

Mr. Hanbidge
Mr. Hanbidge's base salary was increased in 2008 from $370,000 to $390,000 per year.

Mr. Charlebois
Mr. Charlebois' base salary was increased effective January 1, 2008 from $640,000 to $665,000 per year. This salary was maintained during the one-year term employment period.

Mr. Mitchell
Mr. Mitchell's base salary was increased in 2008 from $590,000 to $610,000 per year.

Mr. Robinson
Mr. Robinson's base salary was not increased in 2008.

The salaries for NEO's in 2009 are frozen at 2008 levels.

Pension Benefits

Name	Number of years of credited service	Annual benefits payable ($)		Accrued obligation at start of year ($)	Compensatory change	Non-compensatory change	Accrued obligation at end of year ($)
		At end of year	At age 65				
J.F. Hankinson	7.3[1]	$250,000	$250,000[2]	$2,670,000	$1,010,000	($280,000)	$3,400,000
D. Hanbidge	9.3	$70,000	$150,000	$1,180,000	$140,000	($110,000)	$1,210,000
P. Charlebois	n/a[3]	$110,000	n/a	$7,500,000	$80,000	($5,730,000)	$1,850,000
T. Mitchell	n/a[4]	$180,000	$190,000	$1,790,000	$180,000	$410,000	$2,380,000
W. Robinson	14.8[5]	$250,000	$330,000	$3,530,000	$260,000	($170,000)	$3,620,000

[1] Mr. Hankinson currently receives two years of credited service for each year of continuous service with OPG.

[2] Mr. Hankinson is already over age 65 at December 31, 2008. As a result, his annual benefit at December 31, 2008 is the same as that at age 65.

[3] Mr. Charlebois retired from OPG effective May 30, 2008 and is no longer an active member of the OPG Pension Plan. At the time of his retirement, Mr. Charlebois elected to transfer a portion of his pension benefit out of the plan in a lump sum.

[4] Mr. Mitchell's pension entitlements are not related to his period of credited service.

[5] Mr. Robinson received two years of credited service for each year of continuous service with OPG for the period of April 1, 1999 to April 1, 2004.

OPG provides pension benefits to its employees through two pension arrangements: The Ontario Power Generation Inc. Pension Plan (the "Registered Plan") and the Ontario Power Generation Inc. Supplementary Pension Plan (the "Supplementary Plan").

The Registered Plan is a contributory defined benefit pension plan registered under the Income Tax Act (Canada) and the Pension Benefits Act (Ontario). For each year of credited service, the Registered Plan provides an annual pension benefit of 2.0% of final average earnings less 0.5% of final average earnings up to the average of the Year's Maximum Pensionable Earnings. In addition, a temporary bridging pension is provided to age 65. Pensionable Earnings are a member's base compensation plus annual incentive pay, limited to 5% of base pay. For non-represented members, pensions are payable on an unreduced basis once age plus continuous service equals 84. Pensions are fully indexed to CPI, to a maximum increase of 8% per annum. Pensions earned for service after 1992 are subject to limits under the Income Tax Act (Canada).

The Supplementary Plan provides benefits to those employees whose benefit could not be provided through the Registered Plan as a result of the limits under the Income Tax Act (Canada). Members of the Supplementary Plan earn benefits under one of three schedules: Supplementary Payment Schedule ("SPS"), Executive Supplementary Payment Schedule ("ESPS") and the Designated Supplementary Payment Schedule ("DSPS"). The SPS provides benefits under the same rules as the Registered Plan. The ESPS provides benefits under the same rules as the SPS except that a member's pension is subject to reduction for early retirement until age 60 regardless of service, benefits are indexed at 50% of CPI (to a maximum of 4% per annum), and AIP up to the member's target AIP level is recognized in pensionable earnings. The DSPS provides benefits to those individuals whose employment agreements provide for a different pension benefit than provided under SPS or ESPS. Benefits payable from the Supplementary Plan are offset by any benefits payable from the Registered Plan.

In addition, certain individuals participate in pension arrangements that are not part of the above mentioned plans by virtue of the terms of their employment agreement.

As at December 31, 2008, NEO's participated in the following arrangements:

Mr. Hankinson
Mr. Hankinson participates in the Registered Plan and the DSPS provision of the Supplementary Plan. His employment agreement provides that he will receive a pension benefit equal to 2% of his final average earnings multiplied by his years of pensionable service and that, for each year of service, he receives two years of pensionable service. Pensionable earnings include base pay plus AIP. Pension benefits are indexed annually at 50% of the change in CPI to a maximum of 3.5% per annum.

Mr. Hanbidge
Mr. Hanbidge participates in the Registered Plan and the ESPS provision of the Supplementary Plan.

Mr. Charlebois
Prior to his retirement from OPG effective May 30, 2008, Mr. Charlebois participated in the Registered Plan and the SPS provisions of the Supplementary Plan. Following his retirement, Mr. Charlebois is no longer accruing benefits under any retirement plan sponsored by OPG.

At the time of his retirement, Mr. Charlebois elected to transfer a portion of his pension benefit out of the plan in a lump sum. As a result, he received a lump sum payment of $3,245,080 from the Registered Plan and $3,920,924 from the Supplementary Plan. His remaining pension benefit consists of a monthly lifetime pension of $8,800.67 and a monthly bridge pension (payable until age 65) of $213.04. These pension benefits are indexed annually at 100% of the change in CPI to a maximum of 100% per annum.

Mr. Mitchell
Mr. Mitchell has an individual pension agreement outside of OPG's regular pension plans which will provide him with a monthly pension of $12,800 USD commencing December 1, 2009. This pension is indexed annually at 50% of the change in CPI.

Mr. Robinson
Mr. Robinson participates in the Registered Plan and the DSPS provision of the Supplementary Plan. Based on the terms of his employment agreement, Mr. Robinson receives a pension from the Supplementary Plan as if he were a member under the ESPS provisions except that he received two years of pensionable service for each of his first five years of employment.

Termination Without Cause and Change in Control

The following table summarizes the potential payments made to each NEO in the event of termination without cause as at December 31, 2008:

Name	Base Salary	Annual Incentive Plan	Total Payment
J.F. Hankinson	$430,000	$898,570	$1,328,570
D. Hanbidge	$780,000	$350,000	$1,130,000
P. Charlebois	$166,250	$165,380	$331,630
T. Mitchell	$610,000	$278,297	$888,297
W. Robinson	$580,000	-	$580,000

Mr. Hankinson
Mr. Hankinson has the option to terminate his employment agreement in the event that (i) the Province of Ontario ceases to be the majority shareholder of OPG; and (ii) he is not offered a comparable level of responsibility and compensation. In such case, he will be treated as if his employment had been terminated by OPG without cause and severance will be paid. Mr. Hankinson's employment agreement provides that upon termination without cause, a lump sum payment of the greater of his base salary for the remainder of the agreement or six months base salary. In addition, he will receive a prorated annual incentive payment based on the best three years of incentive payments made to him under the AIP program. All benefits, including accrual of pension benefits and excluding long term disability coverage, will continue to be provided on substantially the same terms and conditions for the remainder of the agreement or six months, whichever is greater.

Mr. Hanbidge
Mr. Hanbidge's employment agreement provides that upon termination without cause, his severance shall be 24 months of total compensation. All benefits and annual incentive plan participation will cease as of the termination date.

Mr. Charlebois
Mr. Charlebois' employment agreement provides that upon termination without cause, he will be provided with three months written notice or pay in lieu thereof equivalent to three months of base salary. In addition, he will receive a prorated annual incentive payment based on the average annual incentive payments made to him under the AIP program in 2006 and 2007.

Mr. Mitchell
Mr. Mitchell's employment agreement provides that upon termination without cause, his severance shall be 12 months base salary. He will also receive a prorated payment under AIP based on the average of his last two AIP awards. Mr. Mitchell will continue to accrue pension benefits for the remainder of the agreement. Mr. Mitchell has an individual pension agreement outside of OPG's registered pension plan which will provide him with a monthly pension of $12,800 USD. Mr. Mitchell was recruited from the nuclear industry in the United States and has a termination provision for reasonable moving expenses to a location in North America up to $50,000 USD.

Mr. Robinson
Mr. Robinson's employment agreement provides that upon termination without cause, his severance shall be twelve months base salary. Since Mr. Robinson was recruited from the nuclear industry in the United States, should his employment be terminated without cause, his contract provides for reasonable moving expenses from Canada to a location in the United States up to a maximum of $40,000.

Director Compensation

Name	Fees ($)	All Other Compensation ($)	Total ($)
Jake Epp	150,000		150,000
Donald Hintz [1]	85,366		85,366
Gary Kugler	78,750	95,000 [2]	173,750
George Lewis	75,893		75,893
David MacMillan [1]	75,163		75,163
Corbin McNeill [1]	104,073		104,073
Peggy Mulligan	59,870		59,870
C. Ian Ross	80,250	40,450 [3]	120,700
Marie Rounding	67,500		67,500
Bill Sheffield	84,330		84,330
David Unruh	89,243		89,243

1 Non-resident directors are compensated in U.S. dollars. Figures have been converted to Canadian dollars at the time of quarterly payments, as follows: 1.028 for the first quarter; 1.012 for the second quarter; 1.035 for the third quarter; 1.238 for the fourth quarter; and 1.226 for compensation to be paid in the first quarter of 2009 for meetings in December 2008.

2 Gary Kugler is the Chairman of the Nuclear Waste Management Organization (“NWMO”) and receives director fees from the NWMO.

3 Ian Ross is a director of, and receives director fees from, the NWMO

Each director who is not an employee of OPG receives:

- $25,000 annual Board retainer.
- $3,000 annual retainer for each Committee membership.
- $3,000 annual retainer to chair a Committee. For the Audit/Risk Committee, the retainer for the Committee chair is $8,000.
- $1,500 or $750 for each meeting attended, as determined by the Board or Committee chair.
- Travel fees, based on the distance travelled to a meeting, of $500 for travel of 160-645 kilometres, $750 for travel of 645-2,415 kilometres, or $1,250 for travel greater than 2,415 kilometres.

Mr. Hankinson does not receive additional compensation for serving as a director of OPG.

In order to retain national and international expertise, non-resident directors are compensated in U.S. dollars exchanged at par and directors who travel long distances receive a travel fee to cover travel time related to Board and Committee meetings they attend.

OPG’s Governance and Nominating Committee of the Board annually monitors and reviews the level and nature of compensation of directors.

The Chair of the Board, in his role as non-executive Chair, receives an all-inclusive annual fee of $150,000. This amount is determined by resolution of OPG’s shareholder and has remained unchanged since 2004.

The Nuclear Waste Management Organization ("NWMO") was established in 2002 under the Nuclear Fuel Waste Act (Canada) to investigate approaches for managing Canada's used nuclear fuel, a by-product of the generation of electricity in a nuclear power plant. The NWMO is effectively controlled by OPG by virtue of OPG's proportionately larger financial responsibility for nuclear fuel. The Board of Directors of the NWMO independently determines director fees. Gary Kugler and Ian Ross are OPG-nominated directors of the NWMO, and Gary Kugler also serves as the Chairman of the Board.

Form 51-102F6

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(with respect to financial year ended on December 31, 2009)

Ontario Power Generation Inc.

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Position	Name	OPG Title
Principal Executive Officers	J.F. Hankinson	President & Chief Executive Officer (Retired June 2009)
	T. Mitchell	President & Chief Executive Officer (Appointed July 2009)
Principal Financial Officer	D. Hanbidge	Chief Financial Officer
Next three most highly compensated executive officers	W. Robinson	Executive Vice President, Nuclear Refurbishments, Projects and Support
	A. Sweetnam	Executive Vice President, Nuclear New Build
	J. Murphy	Executive Vice President, Hydro

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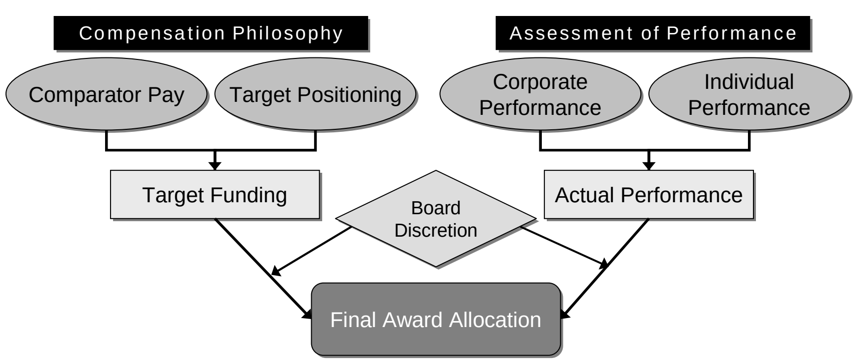

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Canadian Natural Resources	Canada Post
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CN Rail	Hydro One Inc
Enbridge Inc	Hydro Quebec
Husky Energy	London Health Sciences
Nexen Inc	Mount Sinai Hospital
NOVA Chemicals Corp	Sunnybrook Health Sciences Centre
Talisman Energy Inc	The Hospital for Sick Children
TransAlta Corp	Trillium Health Centre
TransCanada Corp	University Health Network

Elements of Cash Compensation

Executive cash compensation consists of two main elements: base salary and short-term incentives.

Base Salary

The CHRC establishes salary ranges for all non-unionized (Management Group) staff including all Executives. The OPG salary structure is very detailed and rigorously maintained with base salaries defined by job responsibilities and salary ranges defined for each job level. When reviewing executive salaries (and incentives and benefits), the CHRC uses its external compensation advisors to provide information on the executive compensation market.

Aligned with the Agency Review Panel recommendations, OPG positions itself to the 50th percentile of the comparator market.

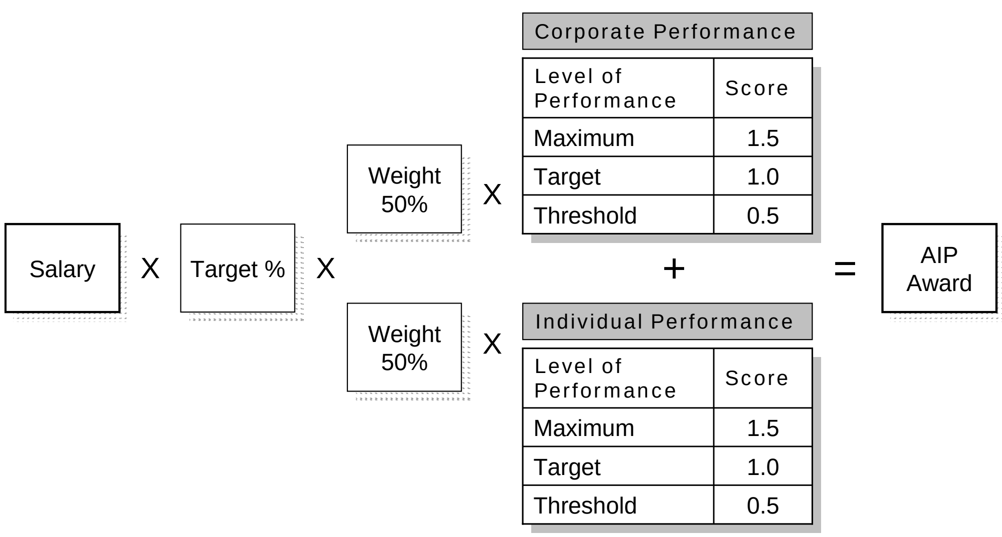
Short-Term Incentives

Each of the NEOs in this report participates in an Annual Incentive Plan ("AIP"). There is a rigorous process applied to this plan each year. Corporate and individual scorecards are set out at the beginning of the year, outlining the expectations for performance. After the CEO has agreed on performance targets, the scorecards are reviewed and approved by the CHRC. The CHRC and the Board have the latitude to adjust the recommended awards under the plan. AIP awards for senior executives are based on an equal weight of corporate and individual performance.

The level of incentive award varies according to position level and specific employment agreements. The following table shows the incentive target, as a percentage of base salary, for each NEO:

Name	Short-Term Incentive Target	Weighting	
		Corporate	Individual
T. Mitchell	100%	50%	50%
J.F. Hankinson	100%	50%	50%
D. Hanbidge	45%	50%	50%
W. Robinson	45%	50%	50%
A. Sweetnam	50%	50%	50%
J. Murphy	45%	50%	50%

Short-term incentives are based on the achievement of pre-established corporate and individual performance objectives for the year. The amount of an annual incentive award under the AIP is determined by the following formula:



Corporate Performance

The Corporate Scorecard is communicated to all employees each year. Each measure has pre-set goals for threshold, target and maximum performance. Threshold level of performance results in a score of 0.5. Target performance is equal to a score of 1 and maximum performance score is 1.5. Scores between these values can be awarded. If performance does not meet threshold levels, then a score of 0 is given. The targets are set carefully each year and are designed to align with the business plan and improve on the previous year's performance, where possible. The CHRC thoroughly reviews the targets and measures and makes a recommendation to the Board for approval. At the end of the year, the CHRC determines the corporate performance score based on the numerical data and the assessment and recommendation of the CEO. In addition to measurements against target performance in finance, productivity and strategic initiatives, the Board reserves the right to assess performance in these areas and in additional areas such as, but not limited to, safety and the environment. The Corporate Scorecard for 2009 focused on cost control, production and availability of generating assets, and strategic initiatives such as safety, environment, leadership development, project management and process improvements.

Individual Performance

Individual scorecards are set out at the beginning of the year that describe performance expectations. Individual scorecards are based on expected performance in areas such as finance, productivity, effectiveness and program deliverables. Each measure has pre-set goals for threshold, target and maximum performance. Threshold level of performance results in a score of 0.5. Target performance is equal to a score of 1 and the maximum performance score is 1.5. Scores between these values can be awarded. If performance does not meet threshold levels then a score of 0 is given. Individual performance results are measured and scores recommended by the CEO are then reviewed and approved by the CHRC and the Board.

The following table summarizes the corporate performance measures and resulting achievement for 2009:

Performance Measure	Threshold	Target	Max	Actual	Percentage Achieved of Target	Weight	Resulting Achievement
Cost Control ($M)	**$3,089**	**$2,942**	**$2,795**	**$2,875**	**119%**	**10%**	**.12**
Production	**Overall score made up of the Nuclear, Fossil and Hydro items below:**				**80%**	**30%**	**.24**
Nuclear (TW.h)	45.45	49.00	51.30	46.56	66%	15%	.10
Fossil:							
EFOR Peak (CO2)	17.0	11.5	10.0	10.8	123%	3.75%	.05
Emissions (Tg)	20.6	19.6	18.6	9.2	100%	3.75%	.04
Hydro:							
Availability Factor	91.0%	92.8%	94.8%	92.8%	100%	3.75%	.04
Water Utilization	303	175	101	369	0%	3.75%	.00
Strategic Initiatives	**11 discrete strategic items were rated against qualitative and quantitative factors to arrive at the score**				**100%**	**60%**	**.60**

The aggregate Corporate score for 2009 was .96

The amounts earned by each named executive officer (NEO) based on corporate performance are noted below. For each NEO, this is the product obtained by their Short Term Incentive Target % x 50% x Corporate performance score (.96).

Name	Short-Term Incentive Target	Corporate Component	
		Weighting	Award(*)
T. Mitchell	100%	50%	$232,092
J.F. Hankinson	100%	50%	$209,962
D. Hanbidge	45%	50%	$75,816
W. Robinson	45%	50%	$112,752
A. Sweetnam	50%	50%	$92,340
J. Murphy	45%	50%	$86,508

(*) 2009 AIP awards include a reduction of ten percent by the Board of Directors due to economic conditions rather than concerns about performance. Mr. Hankinson's award was issued at the time he left the company, before the decision on the 10% reduction was taken, so his award was not reduced.

The CEO reviewed the performance of each of the NEO's reporting to him against the performance expectations in their individual scorecards. The CHRC and the Board of Directors subsequently reviewed and approved the CEO's recommended individual performance scores. The CHRC and the Board of Directors assessed the performance of the CEO and determined an appropriate individual score.

Material Terms of Employment Agreements and Arrangements with Named Executive Officers

The following is a summary of the material terms of the employment agreements for the NEOs. For further information regarding the NEO's pension benefits and other post-employment compensation, see "Pension Benefits" and "Termination Without Cause and Change in Control".

Mr. Mitchell
OPG entered into an employment agreement with Mr. Mitchell, commencing on July 1, 2009 as President and Chief Executive Officer. Prior to this agreement Mr. Mitchell was employed under a three-year agreement as the Chief Nuclear Officer. Mr. Mitchell is provided with a $24,000 annual executive allowance.

Mr. Mitchell's former contract has an individual pension agreement in lieu of OPG's regular pension arrangements which would have provided him with a monthly pension of $12,800 USD commencing December 1, 2009. This pension is indexed annually at 50% of the change in CPI. Mr. Mitchell's pension arrangement was negotiated because of the difficulties attracting staff to Canada from the United States.

Since becoming President & CEO, Mr. Mitchell and OPG have established a retirement compensation arrangement for the previous benefit and for the pensionable service earned as President & CEO. That arrangement replicates the benefits afforded to all employees under the registered/supplementary pension plans. For this period Mr. Mitchell accrues 1.25 years of pensionable service per year of employment.

Mr. Hankinson
Mr. Hankinson, as former President & CEO, and OPG entered into a three-year employment agreement commencing on May 13, 2005. The agreement was extended for a one-year term with the provision of a $200,000 retention bonus and with all other conditions remaining from his original contract. In Mr. Hankinson's original employment agreement, he was eligible for a retention bonus of $600,000 upon the completion of his employment term. At the end of the original term (May 2008), Mr. Hankinson received his retention bonus as reported in the Summary Compensation Table for 2008. Mr. Hankinson was provided with a $24,000 annual executive allowance. At the end of the extended term (June 2009) Mr. Hankinson was provided with the retention bonus as per his extended agreement. Mr. Hankinson also agreed to be retained in an advisory capacity for the period of July 1, 2009 to October 31, 2009.

Mr. Hankinson participates in the OPG registered and supplementary pension plans. His employment agreement provides that he will receive a pension benefit equal to 2% of his final average earnings multiplied by his years of pensionable service and that, for each year of service; he receives two years of pensionable service. The increase in pensionable service was provided because Mr. Hankinson joined OPG late in his career. Pensionable earnings include base pay plus AIP as per the pension benefits provided to Management employees hired after July 1, 2001. Pension benefits are indexed annually at 50% of the change in CPI to a maximum of 3.5% per annum. Mr. Hankinson exercised his pension options as of July 1, 2009.

Mr. Hanbidge
Mr. Hanbidge's employment agreement with OPG, commenced in 1999 with an offer letter dated July 28, 1999, and was amended with an agreement dated September 23, 2005 for an indefinite term. Mr. Hanbidge participates in OPG's registered and supplemental pension plans and is provided with a $30,000 annual executive allowance.

Mr. Robinson

Mr. Robinson's current employment agreement commenced on April 1, 2002, superseding a previous agreement on September 1, 1999, and was to be in effect until the end of the month following his 65th birthday (November 2013). Mr. Robinson's agreement was amended in December 2009 to acknowledge his role as Executive Vice-President, Nuclear Refurbishment, Projects and Support.

Mr. Robinson participates in the OPG registered and supplementary pension plans. Based on the terms of his prior employment agreement, Mr. Robinson received two years of pensionable service for each of his first five years of employment. Mr. Robinson is an experienced executive who was successfully recruited by OPG from the United States. Mr. Robinson is provided with a $30,000 annual executive allowance.

Mr. Sweetnam

Mr. Sweetnam's current employment agreement commenced on January 19, 2009 for an indefinite term. Mr. Sweetnam received a signing bonus of $325,000 at the beginning of the agreement subject to remaining in the position for at least a three year period. Mr. Sweetnam is provided with a $24,000 annual executive allowance.

Mr. Sweetnam participates in the OPG registered and supplementary pension plans and earns 1 year additional service credit after four years of service and after an additional three years of service.

Mr. Murphy

Mr. Murphy's current employment agreement was effective May 17, 2000 for an indefinite term and he was appointed to his current position in November 2005. Mr. Murphy is provided with a $30,000 annual executive allowance.

Mr. Murphy participates in the OPG registered and supplementary pension plans. Based on previous service with Ontario Hydro and Ontario Power Generation, Mr. Murphy is credited with 29.6 years of pensionable service as of December 31, 2009.

Summary Compensation Table

The following table summarizes the compensation paid by OPG for the year ended December 31, 2009 to the Chief Executive Officer, Chief Financial Officer and to each of the three most highly paid officers, other than those who served or acted as the Chief Executive Officer and Chief Financial Officer.

The information provided in the Summary Compensation Table below differs from that published under the Public Sector Salary Disclosure Act (Ontario) for the year ended December 31, 2009. The differences are due to the timing of payment of incentive awards. Salary disclosure under the Public Sector Salary Disclosure Act is limited to amounts reported on T4 forms for each year. Information in the Summary Compensation Table is based on the year the incentive was earned. The incentive is generally earned in one year and paid in the following year.

Name and Principal Position	Year	Salary ($)	Annual Incentive Plan ($)	Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
T. Mitchell President & CEO	2009	$705,000[1]	$501,119	$320,000	$65,057[2]	$1,591,176
	2008	$610,000	$272,510	$180,000	$33,367	$1,095,877
J.F. Hankinson President & CEO	2009	$573,333[3]	$449,285	$460,000	$234,987[4]	$1,717,605
	2008	$860,000	$898,700	$1,010,000	$683,246	$3,451,946
D. Hanbidge Chief Financial Officer	2009	$390,000	$167,427	$90,000	$58,128[5]	$705,555
	2008	$390,000	$174,228	$140,000	$57,822	$762,050
W. Robinson Executive Vice President, Nuclear Refurbishment	2009	$580,000	$253,692	$240,000	$34,292[6]	$1,107,984
	2008	$580,000	$252,042	$260,000	$47,750	$1,139,792
A. Sweetnam Executive Vice President Nuclear New Build	2009	$429,545	$183,718	$130,000	$380,937[7]	$1,124,200
	2008	-	-	-	-	-
J. Murphy Executive Vice President Hydro	2009	$445,000	$176,621	$40,000	$74,202[8]	$735,823
	2008	$445,000	$194,042	$120,000	$81,139	$840,181

[1] Includes Mr. Mitchell's salary for Jan – June 2009 as Chief Nuclear Officer and July – Dec 2009 as President & CEO

[2] Includes executive allowance of $27,000; taxable benefits of $31,233; and other taxable allowances of $6,824

[3] Includes Mr. Hankinson's salary for Jan – June as President & CEO and retainer fee for July – October 2009

[4] Includes retention bonus of $200,000; flexible benefits of $16,797; executive allowance of $12,000; and taxable benefits of $6,190

[5] Includes executive allowance of $30,000; flexible benefits of $24,196; and taxable benefits of $3,932

[6] Includes executive allowance of $30,000; flexible benefits of $341; and taxable benefits of $3,931

[7] Includes executive allowance of $22,909; signing bonus of $325,000; flexible benefits of $30,850; and taxable benefits of $2,178

[8] Includes executive allowance of $30,000; flexible benefits of $40,134; and taxable benefits of $4,068

2009 Compensation for the Named Executive Officers

Mr. Mitchell
Mr. Mitchell's base salary was increased in 2009 from $610,000 as Chief Nuclear Officer to $800,000 per year as President & CEO.

Mr. Hankinson
Mr. Hankinson's base salary was not increased in 2009.

Mr. Hanbidge
Mr. Hanbidge's base salary was not increased in 2009.

Mr. Robinson
Mr. Robinson's base salary was not increased in 2009.

Mr. Sweetnam
Mr. Sweetnam's base salary remained constant in 2009.

Mr. Murphy
Mr. Murphy's base salary was not increased in 2009.

Pension Benefits

Name	Number of years of credited service	Annual benefits payable ($)		Accrued obligation at start of year ($)	Compensatory change	Non-compensatory change	Accrued obligation at end of year ($)
		At end of year	At age 65				
T. Mitchell	7.9	$180,000	$720,000	$2,380,000	$320,000	($450,000)	$2,250,000
J.F. Hankinson	NA[1]	$290,000	NA	$3,400,000	$460,000	($200,000)	$3,660,000
D. Hanbidge	10.3	$110,000	$220,000	$1,210,000	$90,000	($90,000)	$1,390,000
W. Robinson	15.8	$260,000	$330,000	$3,620,000	$240,000	($170,000)	$3,690,000
A. Sweetnam	1.0	$10,000	$170,000	$0	$130,000	$10,000	$140,000
J. Murphy	29.6	$370,000	$480,000	$4,480,000	$40,000	$90,000	$4,610,000

[1] Mr. Hankinson retired as of July 1, 2009.

OPG provides pension benefits to its employees through two pension arrangements: The Ontario Power Generation Inc. Pension Plan (the "Registered Plan") and the Ontario Power Generation Inc. Supplementary Pension Plan (the "Supplementary Plan").

The Registered Plan is a contributory defined benefit pension plan registered under the Income Tax Act (Canada) and the Pension Benefits Act (Ontario). For each year of credited service, the Registered Plan provides an annual pension benefit of 2.0% of final average earnings less 0.5% of final average earnings up to the average of the Year's Maximum Pensionable Earnings. In addition, a temporary bridging pension is provided to age 65. Pensionable Earnings are a member's base compensation plus annual incentive pay, limited to 5% of base pay. For non-represented members, pensions are payable on an unreduced basis once age plus continuous service equals 84. Pensions are fully indexed to CPI, to a maximum increase of 8% per annum. Pensions earned for service after 1992 are subject to limits under the Income Tax Act (Canada).

The Supplementary Plan provides benefits to those employees whose benefit could not be provided through the Registered Plan as a result of the limits under the Income Tax Act (Canada). Members of the Supplementary Plan earn benefits under one of three schedules: Supplementary Payment Schedule ("SPS"), Executive Supplementary Payment Schedule ("ESPS") and the Designated Supplementary Payment Schedule ("DSPS"). The SPS provides benefits under the same rules as the Registered Plan.

The ESPS provides benefits under the same rules as the SPS except that a member's pension is subject to reduction for early retirement until age 60 regardless of service, benefits are indexed at 50% of CPI (to a maximum of 4% per annum), and AIP up to the member's target AIP level is recognized in pensionable earnings. The DSPS provides benefits to those individuals whose employment agreements provide for a different pension benefit than provided under SPS or ESPS. Benefits payable from the Supplementary Plan are offset by any benefits payable from the Registered Plan.

As at December 31, 2009, NEO's participated in the following arrangements:

Mr. Mitchell
Mr. Mitchell has an individual pension agreement outside of OPG's regular pension plans which will provide him with the equivalent of a monthly pension of $12,800 USD as of December 1, 2009 as in his previous employment contract and the pension benefit afforded to all employees under the registered/supplementary pension plans for his service since becoming President. For this period Mr. Mitchell accrues 1.25 years of pensionable service per year of employment.

Mr. Hankinson
Mr. Hankinson began drawing a pension from the Registered Plan and the DSPS provision of the Supplementary Plan as of July 2009. His employment agreement provided that he will receive a pension benefit equal to 2% of his final average earnings multiplied by his years of pensionable service and that, for each year of service, he receives two years of pensionable service. Pensionable earnings include base pay plus AIP. Pension benefits are indexed annually at 50% of the change in CPI to a maximum of 3.5% per annum.

Mr. Hanbidge
Mr. Hanbidge participates in the Registered Plan and the ESPS provision of the Supplementary Plan.

Mr. Robinson
Mr. Robinson participates in the Registered Plan and the DSPS provision of the Supplementary Plan. Based on the terms of his employment agreement, Mr. Robinson receives a pension from the Supplementary Plan as if he were a member under the ESPS provisions except that he received two years of pensionable service for each of his first five years of employment.

Mr. Sweetnam
Mr. Sweetnam participates in the Registered Plan and the DSPS provision of the Supplementary Plan and earns an extra year of pension credit after four years of service and after 7 years of service.

Mr. Murphy
Mr. Murphy participates in the Registered Plan and ESPS provision of the Supplementary Plan.

Termination Without Cause and Change in Control

The following table summarizes the potential payments made to each NEO in the event of termination without cause as at December 31, 2009:

Name	Base Salary*	Annual Incentive Plan	Total Payment
T. Mitchell	$1,600,000	$1,600,000	$3,200,000
J.F. Hankinson	NA	NA	NA
D. Hanbidge	$901,000	$350,000	$1,251,000
W. Robinson	$580,000	-	$580,000
A. Sweetnam	$450,000	-	$450,000
J. Murphy	NA	NA	NA

*Note that the figures presented in the base salary column reflect the contract terms below and not necessarily the rate of annual base pay.

Mr. Mitchell

Mr. Mitchell's employment agreement provides that upon termination without cause, his severance shall be 24 months base salary. He will also receive a payment under AIP based on two times the average of his last two annual AIP awards. Mr. Mitchell was recruited from the nuclear industry in the United States and has a termination provision for reasonable moving expenses to a location in North America up to $50,000 USD.

Mr. Hankinson

Mr. Hankinson has retired and no longer has an active employment agreement.

Mr. Hanbidge

Mr. Hanbidge's employment agreement provides that upon termination without cause, his severance shall be 24 months of total compensation. All benefits and annual incentive plan participation will cease as of the termination date.

Mr. Robinson

Mr. Robinson's employment agreement provides that upon termination without cause, his severance shall be twelve months base salary. Since Mr. Robinson was recruited from the nuclear industry in the United States, should his employment be terminated without cause, his contract provides for reasonable moving expenses from Canada to a location in the United States up to a maximum of $40,000.

Mr. Sweetnam

Mr. Sweetnam's employment agreement provides that upon termination without cause, his severance shall be twelve month's base salary.

Mr. Murphy

Mr. Murphy's employment contract does not contain any specific termination clauses.

Director Compensation

Name	Fees ($)	All Other Compensation ($)	Total ($)
Jake Epp	150,000		150,000
Donald Hintz[1]	91,888		91,888
Gary Kugler	83,500	95,000[2]	178,500
George Lewis	71,670		71,670
David MacMillan[1]	88,224		88,224
Corbin McNeill[1]	107,698		107,698
Peggy Mulligan	64,000		64,000
C. Ian Ross	74,500	49,600[3]	124,100
Marie Rounding	70,337		70,337
Bill Sheffield	93,545		93,545
David Unruh	98,670		98,670

1. Non-resident directors are compensated in U.S dollars at par.
2. Gary Kugler is the Chairman of the Nuclear Waste Management Organization ("NWMO") and receives director's fees from the NWMO.
3. Ian Ross is a director of, and receives director fees from, the NWMO

Each director who is not an employee of OPG receives:

- $25,000 annual Board retainer
- $3,000 annual retainer for each Committee membership
- $3,000 annual retainer to chair a Committee. For the Audit/Risk Committee, the retainer for the Committee chair is $8,000.
- $1500, or $750 for each meeting attended, as determined by the Board or Committee chair.
- Travel fees, based on the distance travelled to a meeting, of $500 for travel of 160-645 kilometres, $750 for travel of 645-2,415 kilometres, or $1,250 for travel greater than 2,415 kilometres.

Mr. Mitchell does not receive additional compensation for serving as a director of OPG.

In order to retain national and international expertise, non-resident directors are compensated in U.S. dollars exchanged at par and directors who travel long distances receive a travel fee to cover travel time related to Board and Committee meetings they attend.

OPG's Governance and Nominating Committee of the Board annually monitors and reviews the level and nature of compensation of directors.

The Chair of the Board, in his role as non-executive Chair, receives an all-inclusive annual fee of $150,000. This amount is determined by resolution of OPG's shareholder and has remained unchanged since 2004.

The Nuclear Waste Management Organization ("NWMO") was established in 2002 under the Nuclear Fuel Waste Act (Canada) to investigate approaches for managing Canada's used nuclear fuel, a by-product of the generation of electricity in a nuclear power plant. The Board of Directors of the NWMO independently determines director fees. Gary Kugler and Ian Ross are OPG-nominated directors of the NWMO, and Gary Kugler also serves as the Chairman of the Board