



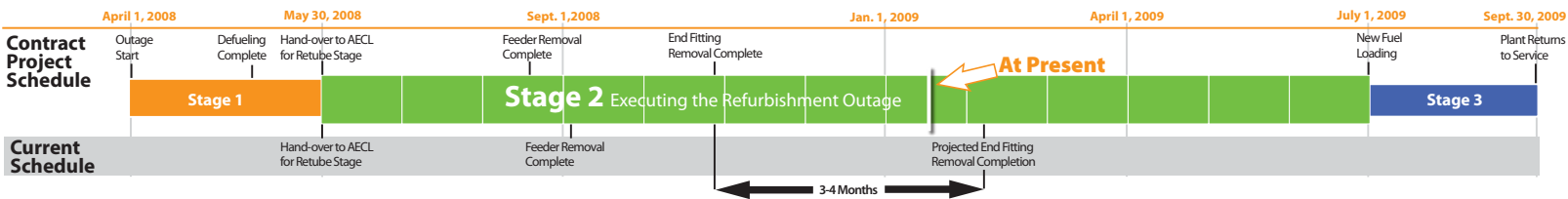
Refurb Report



January 20, 2009

Refurbishment Schedule Update

At this point in the refurbishment project, it has become clear that the project continues to fall behind our original contract project schedule. Over the past several months we have indicated the continuing challenges in meeting the schedule and have taken many actions to recover time and to analyze what steps can be taken to reduce the timeframe of future activities. While the analyses are still ongoing, in our December 19, 2008 Refurb Report we made a commitment to provide you with an update on the schedule early in the new year. At present the job is three to four months behind. The principal cause for the delay continues to be the retube activities performed by AECL using complex tooling developed for this first of its kind job. In addition to instituting daily briefing meetings on critical issues, we have been seconding NB Power Nuclear personnel to AECL, who have expertise on construction and intimate knowledge of our Station. Just last week we seconded the head of our construction unit to become a senior partner on the AECL team. We are continuing to work cooperatively with AECL and they are clear about our concerns over the schedule of the project. AECL is aware of these issues, including the penalties which they will face for late performance, not to mention the reputational impact. We remain committed to our original timetable. The further away we get from our original completion date, the more pressure all of us will continue to feel. We continue to be committed to a safe and reliable project and future operation of the Point Lepreau Generating Station.



Main Generator Rotor

In May 2008, the main generator rotor was sent to the United Kingdom to be rewind (see picture). The rewinding of the generator rotor is near completion with some of the final testing underway. The generator rotor is scheduled to return to the Station in February 2009.

Recovered Low Pressure Turbine Rotors

Later this month, representatives from NB Power will be meeting Siemens representatives to assess the status of the two recovered low pressure turbine rotors, which were shipped to the Siemens factory in December 2008. The turbine rotors have undergone extensive investigation which includes verifying their physical and metallurgic conditions, and re-establishing proper alignment of the rotor shafts. At this time, a decision will be made as to whether we will proceed with the installation of the recovered turbine rotors at the Station or use the original turbine rotors as part of our contingency plan.

Safety continues to be our top priority at the Station. We are confident in the ability of our talented and experienced workforce to work safely, efficiently and effectively. As we continuously look for areas where we may recover time on our schedule, workers are providing the utmost of care, dedication and commitment to successfully complete this project for the people of New Brunswick.



For further information or updates, please visit the Powering the Future website at <http://poweringthefuture.nbpower.com/en/default.aspx> or contact NB Power at 1-866-754-7727.