



Our Company

Ontario Power Generation Inc. is an electricity generating company whose principal business is the generation and sale of electricity in Ontario. OPG operates 64 hydroelectric, 3 nuclear and 5 fossil generating stations. At March 31, 2008, OPG had an in-service generating capacity of 22,157 MW, assets of \$25.1 billion, long-term debt of \$3.9 billion, and equity of \$6.9 billion.

Strategic Priorities

OPG's mandate is to cost effectively produce electricity from its diversified generation assets, while operating in a safe, open and environmentally responsible manner. To accomplish its mandate, OPG is focused on the following four corporate strategies:

- Improving the performance of its existing hydroelectric, nuclear and fossil-fuelled generating assets;
- Increasing its generating capacity by expanding and redeveloping existing hydroelectric sites, and exploring and developing, where feasible, natural gas and nuclear opportunities in Ontario;
- Operate on a financially sustainable basis by optimizing the utilization of available resources, maximizing funds from operations, implementing effective cost management initiatives, and maintaining the value of its assets for its shareholder; and
- Achieving excellence in corporate governance, safety, social responsibility, corporate citizenship and environmental stewardship.

First Quarter 2008 in Review

- OPG continues to progress on several electricity generation projects aimed at increasing Ontario's long-term electricity supply. The gas-fired Portlands Energy Centre is expected to be operating in a simple cycle mode with a capacity of up to 340 MW in June 2008, and in a combined cycle mode with a capacity of 550 MW in Q2 2009. Construction of the 12.5 MW Lac Seul hydroelectric station is expected to be completed in Q3 2008. Progress on the Niagara tunnel project is slower than planned. The project cost estimate is being reviewed in conjunction with any changes to the project completion schedule. The Province will select the site and proponent for new nuclear reactors in 2008. Further, OPG is a part of the team, managed by Infrastructure Ontario, that will select the new nuclear technology in 2008.
- In May 2008, the Province introduced legislation to reduce CO₂ emissions from OPG's coal stations to two-thirds of 2003 levels by 2011. OPG is required to submit an annual strategy to the Minister of Energy outlining how it will achieve the yearly emission targets. The Province will ensure that an appropriate cost recovery mechanism is established to enable OPG to recover its costs following implementation of the strategy.

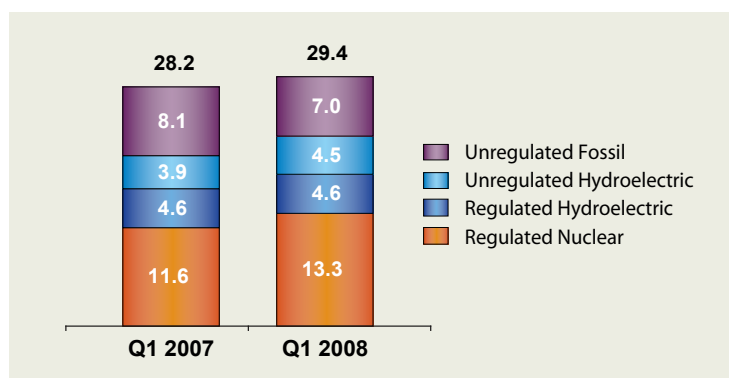
Debt Ratings

	Long Term Debt	Commercial Paper	Outlook
S&P	BBB+	A-1 (low) Cdn	Positive
DBRS	A (low)	R-1 (low)	Stable

Financial Highlights

- Electricity generated in the first quarter of 2008 of 29.4 TWh was slightly higher than Q1, 2007 generation of 28.2 TWh. Nuclear production increased by 1.7 TWh. Unregulated hydroelectric production was 0.6 TWh higher, while regulated hydroelectric remained the same. Electricity production from OPG's fossil stations decreased by 1.1 TWh primarily as a result of increased nuclear and hydroelectric production.
- Net income of \$162 million in the first quarter of 2008 was slightly lower than \$171 million in first quarter 2007. Gross margin increased due to higher electricity generation from OPG's lower marginal cost nuclear and unregulated hydroelectric stations. Income tax expense decreased due to a reduction in income tax liabilities as a result of the resolution of particular tax uncertainties. Earnings on the nuclear funds decreased due to significant volatility and unfavourable returns in the capital markets.

Electricity Sold (TWh)



Financial Results

(\$ millions)	For the three months ended	
	March 31, 2008	March 31, 2007
Revenue After Rebate	1,563	1,524
Fuel Expense	304	328
Gross Margin	1,259	1,196
OM&A	691	694
Other Expenses	374	248
Operating Income	194	254
Net Interest Expense & Taxes	32	83
Net Income	162	171
Capital Expenditures	128	134

(\$ millions unless otherwise noted)	For the three months ended	
	March 31, 2008	December 31, 2007
Total Assets	25,080	24,839
Total Debt	3,925	3,853
Shareholder's Equity	6,938	6,807
Total Debt/Total Capitalization (%)	36.1	36.1



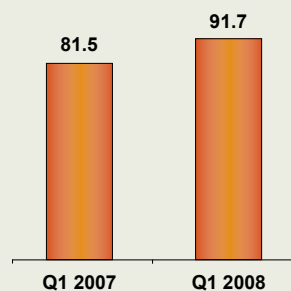
Generation Data

	As at March 31, 2008 Capacity (MW)	2007 Energy (TWh)
Regulated Nuclear		
Darlington	3,512	27.2
Pickering B	2,064	13.4
Pickering A *	1,030	3.6
	6,606	44.2
Regulated Hydroelectric by Plant Group		
R.H. Saunders Station	1,045	6.6
Niagara Plant Group	2,287	11.5
	3,332	18.1
Unregulated Hydroelectric by Plant Group		
Ottawa St. Lawrence	1,527	4.9
Northeast	1,324	4.6
Northwest	669	3.8
Evergreen Energy	120	0.5
	3,640	13.8
Unregulated Fossil		
Nanticoke	3,964	18.1
Lennox	2,120	0.8
Lambton	1,976	8.9
Thunder Bay	306	0.6
Atikokan	211	0.6
	8,577	29.0
Wind	2	--
Total	22,157	105.1

* Units 2 & 3 at Pickering A are being placed in safe storage.

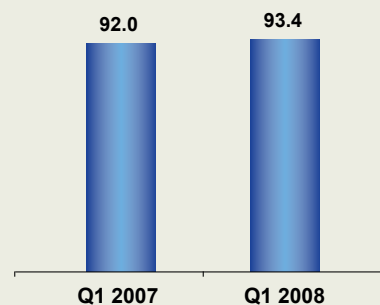
Generation Performance

Regulated Nuclear Capability Factor (%)

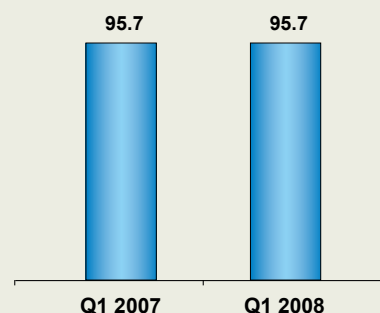


Capability Factor represents actual energy generated, adjusted for external constraints such as transmission or demand limitations, as a percentage of potential maximum generation over a specified period.

Regulated Hydroelectric Availability (%)

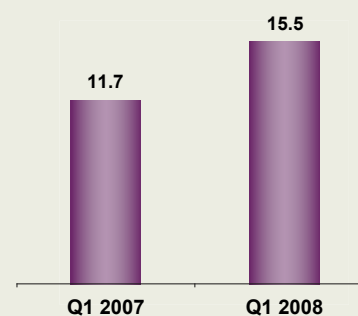


Unregulated Hydroelectric Availability (%)



Availability represents the amount of time that units are capable of producing electricity as a percentage of the total time for a respective period.

Fossil EFOR (%)



Equivalent Forced Outage Rate (EFOR) represents the amount of time that units are forced out of service as a percentage of the amount of time available to operate.