This document provides a summary of financial results, and accounting, tax, and significant disclosure matters that relate to OPG's Management's Discussion and Analysis (MD&A) and interim consolidated financial statements for the three and nine months ended September 30, 2017.

FINANCIAL RESULTS COMPARED TO PRIOR YEAR

Net income attributable to the Shareholder for the three months ended September 30, 2017 was $131 million compared to $194 million for the same period in 2016, a decrease of $63 million. Net income attributable to the Shareholder for the nine months ended September 30, 2017 was $498 million compared to $449 million for the same period in 2016, an increase of $49 million.

($ millions)	Three Months	Nine Months
Net income attributable to the Shareholder for three and nine months ended September 30, 2016	**194**	**449**
Significant favourable factors during 2017 compared to the same period in 2016 included the following:		
• Gain from sale of head office and parking facility (pre-tax)	**-**	**378**
• Lower net interest expense primarily due to interest costs capitalized for the Darlington Refurbishment project and interest costs deferred in regulatory variance accounts	**7**	**36**
• (Higher) lower fuel expense for the Regulated – Nuclear Generation segment	**(2)**	**22**
• Q3 - Lower OM&A expenses, mainly in the Regulated – Nuclear Generation segment, as a result of a higher materials and supplies inventory obsolescence provision expense incurred charge recognized in the third quarter of 2016, Services, Trading and Other Non-Generation segment due to a write-off of project expenditures in the third quarter of 2016, and Regulated – Hydroelectric segment due to additional maintenance and repair work performed at the regulated hydroelectric stations in 2016.	**31**	**7**
Significant unfavourable factors during 2017 compared to the same period in 2016 included the following:		
• Lower revenue from the nuclear base regulated price as a result of new OEB regulated prices not approved until later in year and lower nuclear generation of 0.4 TWh and 4.0 TWh, for Q3 and YTD, respectively, primarily due to the ongoing refurbishment of Unit 2 at the Darlington GS, largely offset in Q3 by an increase in generation from Pickering GS	**(24)**	**(230)**
• Lower earnings on the nuclear fixed asset removal and nuclear waste management funds (Nuclear Segregated Funds)	**(52)**	**(41)**
• Higher depreciation and amortization expense in the Regulated – Nuclear Generation segment, excluding amortization related to regulatory account balances, primarily due to new assets in service	**(16)**	**(30)**
• A gain recorded in first quarter of 2016 reflecting the OEB's decision on OPG's motion asking the OEB to review and vary parts of its November 2014 decision related to the Niagara Tunnel disallowance	**-**	**(22)**
• Other changes	**(5)**	**(47)**
(Decrease) increase in income before income taxes	**(61)**	**73**
• Lower income tax expense for Q3 primarily due to lower income before income taxes and higher change in reserves from the resolution of uncertainties. Q3 was partially offset by a lower amount of tax expense deferred in regulatory assets, whereas YTD increase was primarily due to higher income before income taxes.	**3**	**(19)**
• Change in net income attributable to non-controlling interest	**(5)**	**(5)**
(Decrease) Increase in net income attributable to the Shareholder	**(63)**	**49**
Net income attributable to the Shareholder for the three and nine month periods ended September 30, 2017	**131**	**498**

FINANCIAL RESULTS COMPARED TO PLAN

Net Income attributable to the Shareholder for the nine months ended September 30, 2017 was $498 million compared to the plan of $217 million, an increase of $281 million. Net income attributable to the Shareholder for the year is forecasted at $754 million, which is $246 million higher than plan.

	Year-to-Date Fav/(Unfav)	Year-end Forecast Fav/(Unfav)
Significant factors that increased net income attributable to the Shareholder compared to plan:		
• Lower OM&A costs from lower nuclear outage expenses (including from lower Pickering Unit 4 outage expenses, deferral of Pickering Unit 6 planned fall outage to 2018), cost control initiatives, and lower project expenditures	**93**	**62**
• Higher nuclear generation of 1.6 TWh year-to-date and 2.4 TWh at year-end; (YTD): primarily due to earlier completion of the Pickering Unit 4 and Unit 5 planned outages, deferral of Pickering Unit 6 fall planned outage to 2018, and better than planned forced loss rate at Pickering, partially offset by the extension of the Pickering Unit 7 planned outage and Darlington unit derating; (YE): also reflects shorter fall outage duration at Darlington, partially offset by an unbudgeted outage at Pickering Unit 8	**82**	**146**
• Higher gain on sale of head office and parking facility (pre-tax)	**82**	**82**
• Higher regulated hydroelectric production, net of variance account impacts, reflecting higher operating efficiency, lower market constraints and fewer outages relative to plan	**48**	**57**
• Lower interest costs due to timing of borrowing during the year and impact of regulatory variance accounts	**22**	**19**
• Higher margin from the Contracted Generation Portfolio, primarily due to an earlier in-service date of Peter Sutherland Sr. GS and higher revenue from Lennox GS and Atikokan GS	**14**	**11**
• Other net changes, including corporate provisions	**24**	**(84)**
Significant factors that reduced net income attributable to the Shareholder compared to plan:		
• Higher income taxes due to higher income	**(69)**	**(24)**
• Deferral of the sale of land at Hearn site	**(15)**	**-**
• OM&A expenses for allowance for capital write-offs	**-**	**(23)**
Increase in net income attributable to the Shareholder	**281**	**246**

ACCOUNTING AND TAX MATTERS

1. Ontario's Fair Hydro Plan

Please refer to the Q3 2017 MD&A in the section, *Highlights* under the heading, *Recent Developments* for disclosure on the developments during the third quarter on Ontario's Fair Hydro Plan.

In October 2017, the Auditor General released a special report titled '*The Fair Hydro Plan: Concerns about Fiscal Transparency, Accountability and Value for Money*', recommending that the Provincial government should 'record the true financial impact of the Fair Hydro Plan's electricity rate reduction on the Province's budgets and consolidated financial statements and use a financing structure to fund the rate reduction that is least costly for Ontarians'. The Auditor General disagrees with the current accounting treatment proposed by the Province of Ontario and the IESO under Public Sector Accounting Board standards. No mention was made that the accounting as proposed to be done via the Trust, and consolidated into OPG, was inappropriate.

For OPG's accounting, which is under US GAAP, the conditions to ensure the ability of OPG to consolidate the operations of the Trust have not fully been reflected. Several conditions must be evident in the Regulations, Trust documents, and various other agreements which are not yet finalized and therefore not yet available for our review and assessment.

On the assumption that future Regulations, Trust documents and various other agreements fully capture these operating conditions, and that no new conditions that would conflict with OPG's control of the trust are introduced, OPG believes that consolidation of the Trust is supportable.

The first set of transactions of the Trust is expected to take place in the fourth quarter of 2017.

DISCLOSURE MATTERS

Significant disclosure changes to OPG's 2017 third quarter MD&A and Interim Consolidated Financial Statements are as follows:

MD&*A*

- *Enterprise Total Generating Cost* (page 9) – Disclosed sensitivity analysis for Enterprise TGC, if Unit 2 at the Darlington GS had continued operations and adjusting for generation constraints on the remaining units. The Enterprise TGC would have been approximately $4 per MWh lower for the three and nine months ended September 30, 2017, based on the additional generation.

- *Long Term Energy Plan* (page 10) – On October 26, 2017, Ontario's Ministry of Energy issued the 2017 LTEP that outlines the Province's plans for the future development of Ontario's electricity system. Among other things, the LTEP reaffirms the Province's support for the refurbishment at the Darlington GS and Bruce generating stations, recognizes the value of continuing to operate the Pickering GS until 2024, highlights the opportunity to continue to invest in optimizing existing hydroelectric facilities, notes the role pumped hydroelectric storage could play in the reliability of the electricity system, and discusses opportunities for energy storage, transportation electrification, and nuclear innovation technologies, of which OPG continues to assess how best to capitalize on potential business growth opportunities. .

- *Ontario's Fair Hydro Plan* (pages 10-11) – In line with OPG's participation in the Fair Hydro Plan, a Trust is in the process of being established to administer the purchases from the IESO. OPG is expecting to consolidate the Trust for accounting purposes commencing in the fourth quarter of 2017. Disclosed the status of regulation and agreements on fees among others, the anticipated equity injection from the Province, and OPG to provide 5% of funding requirement of Trust. The Trust will incur debt from capital markets and OPG and is structured to be bankruptcy remote and ring fenced from OPG to protect the Company's assets and operations. The first set of transactions are expected to take place in the fourth quarter of 2017. OPG's reputation could potentially be adversely impacted, through its involvement with the Fair Hydro Plan and through stakeholder opinions related to this involvement.

- *Canadian Nuclear Safety Commission Safety Rating for the Darlington GS and the Pickering GS* (page 11) – Disclosed that the Darlington GS and the Pickering GS achieved the highest possible rating of "Full Satisfactory", the eighth consecutive year for the Darlington GS and the second consecutive year for the Pickering GS.
- *Electricity Generation Production and Reliability* (page 12) – Disclosed that OPG submitted a ten-year licence renewal application to the CNSC for Pickering in August 2017. Work is progressing on technical assessments to support the continued operation of the station. Accounting end of life assumptions, currently set at the end of 2020, are expected to be re-assessed in line with OPG's plan to extend the station's operation to 2024 when the fuel channel analysis, other technical feasibility assessments and safety case provide the necessary technical confidence to support a change.
- *Electricity Generation Production and Reliability* (page 12) – Disclosed that OPG has begun executing demolition plans that will ensure that the stations are closed safely, securely and in an environmentally responsible manner; a competitive bidding process for the demolition of the Lambton GS is in progress, with a contract for the removal of the powerhouse and associated buildings expected to be awarded in 2018.
- *Darlington Refurbishment* (pages 13-14) – Disclosed updated project status, including completion of the Re-tube Tooling Platform and the safe removal of all 960 feeder tubes in the third quarter of 2017, followed by the severing of pressure tubes. The construction activities for the HWSF will recommence following completion of the RWPB in November 2017. The HWSF is expected to be completed by early 2019 and is not on the critical path for the Darlington Refurbishment project, which continues to track on schedule. OPG is in the process of finalizing the increased cost estimate for the HWSF. The change in the cost estimate for the HWSF will not impact the overall project budget of $12.8 billion, as it will be accommodated within the overall project spending envelope. Taking into account the execution performance of the Unit 2 refurbishment, the overall Darlington Refurbishment project continues to track on budget. As well, modified disclosure related to the $4.8 billion planned in-service amount to focus on the amount being requested by OPG in the OEB application, rather than the current expected value.*Ranney Falls* (pages 14 and 16) – Disclosed that the project is tracking on schedule and on budget, and provided a status update on key project activities.
- *Nanticoke Solar Facility* (pages 13 and 15) – Disclosed project status, including that construction is expected to commence in the first quarter of 2018, to be completed in the first quarter of 2019, with a budget of $107 million **[MONITOR]**.
- *Deep Geologic Repository for Low and Intermediate Level Waste* (pages 13 and 15) – Updated disclosure that on August 21, 2017, the federal Minister of Environment and Climate Change requested OPG to update its analysis of potential cumulative effects of the project on the Saugeen Ojibway Nations' physical and cultural heritage. OPG is assessing the request and will notify the Canadian Environmental Assessment Agency (CEAA) when it has determined the timeline for developing a response. The CEAA's draft report for public review will not be issued until OPG provides the requested update.
- *Social Licence* (page 17) – Disclosed that OPG continues to engage with Indigenous businesses and communities as well as its suppliers to promote the Indigenous Business Engagement (IBE) Initiative; is developing recruitment plans to target Indigenous peoples; and has a strategy to help position the Company as a leader in transportation electrification in the province.
- *Outlook* (pages 17-18) – Discussed revenue continuing to be based on regulated prices set in 2014, pending the OEB's determination of new prices. The continuation of these prices has negatively affected revenue and net income in the first nine months of 2017. If the OEB decision is issued in the fourth quarter of 2017 as expected, OPG's revenue for the quarter would reflect the impact of the new regulated prices, including the impact of any retrospective increase in the regulated prices for the period between their effective date and their implementation date. The OEB's decision on the effective date, as well as the timing of the decision issuance, could have a significant impact on OPG's financial results for the fourth quarter of 2017.
- *Outlook* (page 19) – Disclosed that the Fair Hydro Plan is not expected to have a material impact on the net income of the Company for the year ended December 31, 2017.

- *Financing Activities* (page 25) – Disclosed OPG's issuance, subsequent to the end of the quarter, of $500 million senior notes to the OEFC and its first public debt offering of $500 million under a Medium Term Note Program.
- *Pension Plan Actuarial Valuation* (page 26) – A new actuarial valuation of the OPG registered pension plan was filed with FSCO in September 2017 with an effective date of January 1, 2017. The annual funding requirements in accordance with the new actuarial valuation are $212 million for 2017, $215 million for 2018, and $219 million for 2019.
- *Risk Management – Deep Geologic Repository (DGR)* (page 27) – Disclosed the federal Minister of Environment and Climate Change requesting OPG to update its analysis on the potential cumulative effects of the DGR project. OPG continues to work with the SON; however, the timing and outcome of the SON Community Process and the EA decision by the Minister are uncertain.
- *Risk Management – Fair Hydro Plan* (page 28) – OPG's reputation could potentially be adversely impacted through its involvement with the Fair Hydro Plan and through stakeholder opinions related to this involvement.
- *Risk Management - Recovery of Pension and OPEB Costs* (page 28) – In September 2017, OEB issued its final report on recovery mechanisms of pension and OPEB costs. The report reaffirmed the main conclusions of the initial report issued in May 2017. This outcome reduces the risk related to the recovery of deferred amounts.

Financial Statements

Notes to the Consolidated Financial Statements

- *Interim Consolidated Statements of Cash Flows*
    - Balances related to Darlington Refurbishment capital expenditures have been reclassified from "Net changes in non-cash working capital balances" to "Investment in property, plant and equipment and intangible assets". Comparative amounts have been reclassified to reflect such change.
- *Recent Accounting Pronouncements* (Note 2)
    - Disclosed that OPG has completed its analysis of the impact of Topic 606 on its accounting for generation revenue from long-term contractual arrangements with the IESO, and has not identified any material differences based on the work performed to date.
- *Long-term Debt (Note 4)*
    - Disclosed OPG's issuance of senior notes of $500 million with the OEFC and its first public debt offering of $500 million under a Medium Term Note Program.
- *Pension and OPEB* (Note 8)
    - Disclosed the completion of a new actuarial valuation and the annual pension contributions for 2017 to 2019.