FOR APPROVAL by the Board of Directors

February 12, 2018

OPG's 2018-2021 BUSINESS PLAN

DECISION REQUIRED

The purpose of this submission is to seek the Board's approval of OPG's 2018-2021 Business Plan. Upon Board approval, the business plan will be submitted to the Shareholder for review and concurrence in accordance with the Memorandum of Agreement between the Shareholder and OPG.

The budget for the 2018 year included in the plan will serve as the operational and financial control base against which actual results will be measured for the year.

HIGHLIGHTS

OPG's 2018-2021 Business Plan is focused on continuing to drive sustained value for the Shareholder and customers in line with the Company's strategic direction and builds on the progress made to date in advancing the underpinning strategic imperatives of operational excellence, project excellence, financial strength and social licence. The plan is aligned with Ontario's 2017 Long-Term Energy Plan (LTEP),

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Commercially Sensitive The plan reflects the Ontario Energy Board's (OEB) December 28, 2017 decision on OPG's 2017-2021 regulated rates and includes preliminary, unaudited results for OPG's 2017 fiscal year. Financial information presented in the plan includes the impact of consolidating the Fair Hydro Trust established in December 2017 to finance Ontario's Fair Hydro Plan (FHP).

In the discussion that follows, the following terms are used to describe OPG's financial performance:

- Net income and total return on equity (ROE) are based on OPG's consolidated financial performance and corporate capital structure, including the impact of the Fair Hydro Trust
- Operating net income and operating ROE exclude the impact of the Fair Hydro Trust and exclude the gains on sale of 700 University Ave. property and the Lakeview site and corresponding dividend payments to the Province from net income and corporate capital structure;
- Regulated ROE is return on OPG's regulated operations calculated using an equity thickness of 45% that is reflected in the deemed capital structure used by the OEB to set OPG's regulated rates.

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	Actual	Business Plan			
	2017	2018	2019	2020	2021
Net Income Attributable to Shareholder *($ millions)*	860				
Operating Net Income Attributable to Shareholder *($ millions)*	576				
Total Return on Equity *(%)*	7.6%				
Operating Return on Equity *(%)*	5.3%				
Total Debt Ratio *(%)*	35%				
Operating Debt Ratio *(%)*	34%	Commercially Sensitive			
Enterprise Total Generating Cost per MWh *($/MWh)*	50.7				
Production (net of Surplus Baseload Generation) *(TWh)*	Commercially Sensitive				
OM&A Expenses from Ongoing Operations *($ millions)*	2,819				
Capital Expenditures *($ millions)*	1,926				
Total Headcount (Regular and Term Employees)	9,354				

The plan builds on OPG's strong performance in 2017, seeking to maximize the value of existing assets by continuing to further improve fleet performance and optimize nuclear outages during a period of relative regulatory certainty provided by the OEB's recent decision. **Commercially Sensitive**

Commercially Sensitive

Longer-term success also requires a platform for material strategic investments to maintain and enhance OPG's scale, risk profile and energy industry leadership across carbon-friendly technologies, particularly as the Company prepares for post-Pickering operations. **Commercially Sensitive**

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Commercially Sensitive In pursuing these strategies, an absolute priority for OPG remains maintaining a strong nuclear and public safety record, while delivering the Darlington refurbishment on time and on budget.

Recommended by:	**Approved for submission to the Board of Directors by:**
Ken Hartwick Chief Financial Officer and Senior Vice President Finance	Jeff Lyash President and CEO

This Board memo was reviewed and approved for submission to the Board of Directors by the Audit and Risk Committee at their meeting on February 12, 2018.

APPENDICES

1. OPG 2018-2021 Business Plan