

## **MATERIAL CHANGE REPORT**

Form 27 – Securities Act (Ontario)  
Form 27 – Securities Act (British Columbia)  
Form 27 – Securities Act (Alberta)  
Form 25 The Securities Act, 1988 (Saskatchewan)  
Form 27 – Securities Act (Nova Scotia)  
Form 26 – Securities Act (Newfoundland)

### **1. Reporting Issuer**

Ontario Power Generation Inc. (OPG)  
700 University Ave.  
Toronto, Ontario  
M5G 1X6

### **2. Date of Material Change**

January 16, 2002

### **3. Press Release**

The news release reporting the material change and attached hereto as Appendix 1 was released by Ontario Power Generation Inc. and disseminated to the financial press by Canada News Wire on January 16, 2002.

### **4. Summary of Material Change**

On January 16, 2002 Ontario Power Generation (OPG) Inc. announced a restructuring plan that will lead to a company-wide staff reduction of approximately 17%, representing about 2000 positions. The reductions are to be achieved equally over the next two years.

### **5. Full Description of Material Change**

On January 16, 2002 OPG announced a restructuring plan that will lead to a company-wide staff reduction of approximately 17 per cent, representing about 2000 positions. The company expects the reductions to be achieved equally over the next two years. In addition, a number of staff currently located at Head Office will be redeployed closer to OPG's generating stations.

To the extent possible, a significant portion of the targeted downsizing will be achieved on a voluntary basis. Implementation plans that maximize voluntary reductions will be developed in consultation with the Power Workers' Union and the Society of Energy Professionals.

Based on current estimates, the company expects the costs of the restructuring plan, including relocation costs, to be approximately \$400 million. This restructuring will better align the company's resources, improve its efficiency and effectiveness, and contribute to its future competitive positioning in the electricity market. See Appendix 1 which is incorporated by reference.



**Appendix 1**

January 16, 2002

**ONTARIO POWER GENERATION ANNOUNCES RESTRUCTURING PLAN**

**Toronto:** Ontario Power Generation (OPG) announced today a restructuring plan that will lead to a company-wide staff reduction of approximately 17 per cent, representing about 2000 positions. The company expects the reductions to be achieved equally over each of the next two years. In addition, a number of staff currently located at Head Office will be redeployed closer to OPG's generating stations.

As part of the restructuring of the Ontario electricity market and to encourage competition in the marketplace, OPG has a mandate to decontrol some of its facilities, thereby reducing its asset base. Last year, the company leased its Bruce Nuclear facilities to Bruce Power. Currently OPG is seeking to decontrol its Lakeview, Lennox, Thunder Bay and Atikokan fossil-fueled stations, along with four Mississagi River hydroelectric stations.

At the same time, a number of major improvement initiatives that required considerable resourcing will be completed or will be nearing completion over the next two years. These include the Pickering A restart, nuclear performance improvement projects, including the Integrated Improvement Plan, and various upgrades at fossil and hydroelectric stations.

To the extent possible, a significant portion of the targeted downsizing will be achieved on a voluntary basis. Implementation plans that maximize voluntary reductions will be developed in consultation with the Power Workers' Union and the Society of Energy Professionals.

In a related initiative, OPG said it will be relocating nuclear related Head Office personnel to Durham Region where OPG's two nuclear generating stations are located. Similarly, Head Office personnel that support OPG's hydroelectric and fossil stations will be relocating to either the Sir Adam Beck facilities near Niagara Falls or to the Nanticoke Generating Station, located in Haldimand County.

Based on current estimates, the company expects the costs of the restructuring plan, including relocation costs, to be approximately \$400 million. This restructuring will better align the company's resources, improve its efficiency and effectiveness, and contribute to its future competitive positioning in the electricity market.

Ontario Power Generation is an Ontario based company, whose principal business is the generation and sale of electricity to customers in Ontario and to interconnected markets. OPG's goal is to be a premier North American energy company, while operating in a safe, open and environmentally responsible manner. Our focus is on producing reliable electricity from our competitive generation assets; power trading; and commercial energy sales activities.

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