



## 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, 5 fossil, and 2 wind generating stations. OPG also co-owns the Portland Energy Centre and the Brighton Beach gas-fired generating stations. At September 30, 2008, OPG had an in-service generating capacity of 22,096 MW, assets of \$25.3 billion, long-term debt of \$3.8 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:

- Improve the performance of its existing hydroelectric, nuclear and fossil-fuelled generating assets;
- Increase 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
- Achieve excellence in corporate governance, safety, social responsibility, corporate citizenship and environmental stewardship.

## Third Quarter 2008 in Review

- On November 3, the Ontario Energy Board (OEB) issued its decision on OPG's application for new payment amounts for its regulated facilities. The OEB determined that the appropriate return on equity (ROE) for calculating new payment amounts is 8.65% which is higher than the 5% ROE used to calculate payment amounts to March 31, 2008. The OEB is expected to finalize new payment amounts before the end of November.
- The Niagara Tunnel boring machine had advanced 3,124 metres by the end of Q3. The contractor is investigating tunnel realignment options. Using the Dispute Review Board's recommendations, OPG and the contractor are negotiating revisions to the contract. The negotiations are expected to be completed in Q1 2009.
- The deadline for respondents to submit final bid proposals for the new Darlington nuclear station has been extended to early 2009 to allow respondents more time to assess appropriate risk sharing and pricing terms. OPG is participating with Infrastructure Ontario in the process to select a nuclear reactor vendor by the spring of 2009. OPG continues to work on the Environmental Impact Statement which is expected to be completed mid-2009.

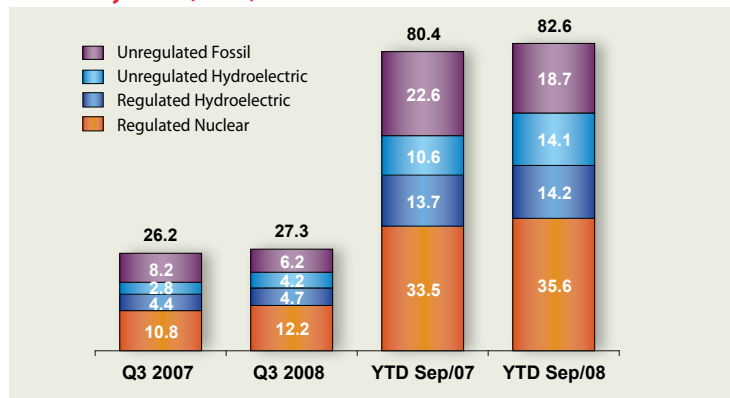
## Debt Ratings

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

## Financial Highlights

- Total electricity generation of 27.3 TWh in Q3 exceeded the 26.2 TWh produced in the third quarter of 2007. Higher river flows across the province and high station availability increased hydroelectric production. A reduction in outage days at Pickering A and Darlington were the primary contributors to increased nuclear production. Fossil production declined due to higher hydroelectric and nuclear production. For the nine months ended September 30, 2008, total production was 82.6 TWh, compared to 80.4 TWh in 2007.
- In the third quarter, OPG reported a net loss of \$142 M compared to net income of \$113 M for the same period in 2007. For the nine months ending September 30, 2008 net income was \$119 M compared to \$409 M in 2007. Operating results were improved for the three and nine months ended September 30, 2008 as compared to the same periods in 2007. However, earnings in the fund established for nuclear fixed asset removal was negatively affected by the volatility and uncertainty in global financial markets.

## Electricity Sold (TWh)



## Financial Results

(\$ millions)	Three months ended		Nine months ended	
	Sep 30/08	Sep 30/07	Sep 30/08	Sep 30/07
Revenue After Rebate	1,513	1,421	4,461	4,318
Fuel Expense	334	336	915	962
Gross Margin	1,179	1,085	3,546	3,356
OM&A	689	689	2,130	2,159
Other Expenses	527	220	1,122	574
Operating Income	(37)	176	294	623
Net Interest Expense & Taxes	105	63	175	214
Net Income	(142)	113	119	409
Capital Expenditures	172	179	434	476
(\$ millions unless otherwise noted)			Sep 30/08	Dec 31/07
Total Assets			25,275	24,839
Total Debt			3,822	3,853
Shareholder's Equity			6,899	6,807
Total Debt/Total Capitalization (%)			35.6	36.1



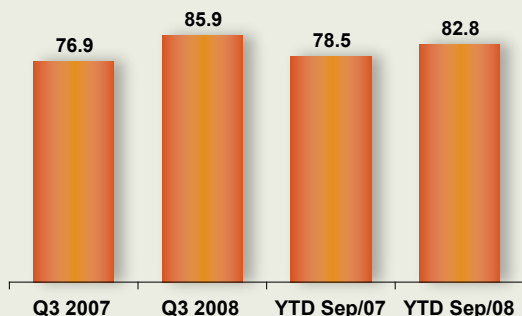
## Generation Data

	As at Sep 30, 2008 Capacity (MW)	2007 Energy (TWh)
<b>Regulated Nuclear</b>		
Darlington	3,512	27.2
Pickering B	2,064	13.4
Pickering A *	1,030	3.6
	<b>6,606</b>	<b>44.2</b>
<b>Regulated Hydroelectric by Plant Group</b>		
R.H. Saunders Station	1,045	6.6
Niagara Plant Group	2,287	11.5
	<b>3,332</b>	<b>18.1</b>
<b>Unregulated Hydroelectric by Plant Group</b>		
Ottawa St. Lawrence	1,527	4.9
Northeast	1,315	4.6
Northwest	669	3.8
Evergreen Energy	120	0.5
	<b>3,631</b>	<b>13.8</b>
<b>Unregulated Fossil</b>		
Nanticoke	3,964	18.1
Lennox	2,120	0.8
Lambton	1,924	8.9
Thunder Bay	306	0.6
Atikokan	211	0.6
	<b>8,525</b>	<b>29.0</b>
<b>Wind</b>	<b>2</b>	<b>--</b>
<b>Total</b>	<b>22,096</b>	<b>105.1</b>

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

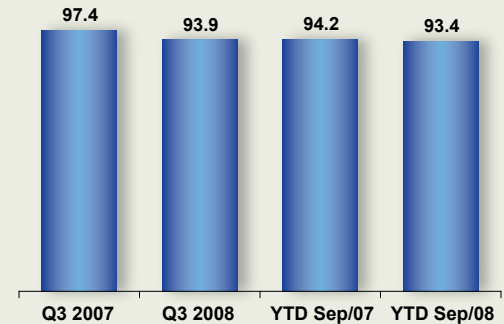
## Generation Performance

### Regulated Nuclear Capability Factor (%)

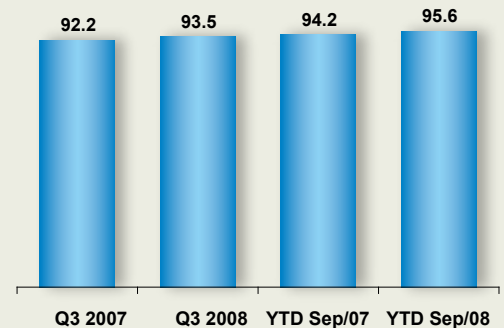


Capability Factor represents actual energy generated, adjusted for external constraints such as transmission or demand limitations, as a percentage of potential maximum generation over a specified period.

### Regulated Hydroelectric Availability(%)

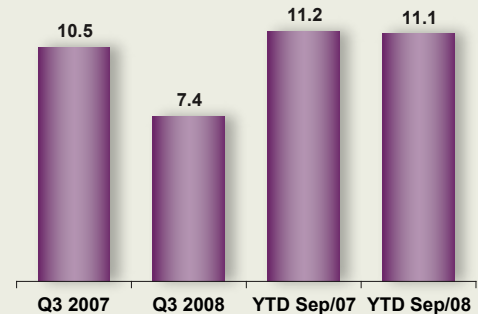


### Unregulated Hydroelectric Availability(%)



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.