

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(millions of dollars except where noted)

	Three Months Ended March 31	
	2001	2000
Revenues	<u>1,539</u>	<u>1,485</u>
Operating expenses		
Operation, maintenance and administration	600	502
Fuel	315	302
Power purchased	102	23
Depreciation and amortization	196	196
Property and capital taxes	69	94
	<u>1,282</u>	<u>1,117</u>
Operating income	257	368
Interest expense	<u>34</u>	<u>40</u>
Income before income taxes	223	328
Income taxes (note 2)		
Current	34	73
Future	66	69
	<u>100</u>	<u>142</u>
Net income	<u>123</u>	<u>186</u>
Earnings per common share	<u>0.48</u>	<u>0.73</u>
Common shares outstanding (millions)	<u>256.3</u>	<u>256.3</u>

Consolidated Statement of Retained Earnings (unaudited)

(millions of dollars)

	Three Months Ended March 31	
	2001	2000
Retained earnings , beginning of period	<u>691</u>	<u>291</u>
Net income	123	186
Dividends	<u>(86)</u>	<u>(79)</u>
Retained earnings , end of period	<u>728</u>	<u>398</u>

see accompanying notes to financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(millions of dollars)

	Three Months Ended March 31	
	2001	2000
Operating activities		
Net income	123	186
Adjust for non-cash items:		
Depreciation and amortization	196	196
Deferred pension asset	(3)	(31)
Other post employment benefits	23	17
Future income taxes	66	69
Other	22	(6)
	<u>427</u>	<u>431</u>
Fixed asset removal and nuclear waste management fund	(122)	(94)
Expenditures on nuclear waste management provisions	(10)	(7)
Changes to other long-term assets and liabilities	(36)	(12)
Non-cash working capital changes:		
Accounts receivable	119	133
Fuel	41	64
Materials and supplies	(4)	(2)
Accounts payable and accrued charges	(332)	225
	<u>83</u>	<u>738</u>
Cash flow from operating activities	83	738
Investing activities		
Proceeds on sale of fixed assets	10	-
Net Proceeds from short-term investments	225	-
Expenditures for fixed assets	(115)	(106)
	<u>10</u>	<u>(106)</u>
Cash flow before financing activities	203	632
Financing activities		
Repayment of Long-term debt to OEFC	(100)	-
Dividends on common shares	(86)	(79)
Repayment of short-term notes	(50)	-
	<u>(236)</u>	<u>(79)</u>
(Decrease)Increase in cash and cash equivalents during period	(33)	553
Cash and cash equivalents, beginning of period	565	243
	<u>532</u>	<u>796</u>
Cash and cash equivalents, end of period	532	796

see accompanying notes to financial statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(millions of dollars)

	<u>March 31 2001</u>	<u>December 31 2000</u>
ASSETS		
Current assets		
Cash and cash equivalents	532	565
Short-term investments	110	335
Accounts receivable	849	968
Fuel	247	288
Materials and supplies	233	229
	<u>1,971</u>	<u>2,385</u>
Fixed assets		
Property, plant and equipment	13,973	13,842
Less: accumulated depreciation	1,076	910
	<u>12,897</u>	<u>12,932</u>
Other assets		
Deferred pension asset	644	641
Fixed asset removal and nuclear waste management fund	903	781
Long-term accounts receivable and other assets	68	52
	<u>1,615</u>	<u>1,474</u>
	<u>16,483</u>	<u>16,791</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued charges	1,074	1,406
Short-term notes payable	100	150
Long-term debt due within one year	204	204
	<u>1,378</u>	<u>1,760</u>
Long-term debt	<u>3,118</u>	<u>3,219</u>
Other liabilities		
Fixed asset removal and nuclear waste management	4,550	4,482
Other post employment benefits	1,020	997
Long-term accounts payable and accrued charges	279	298
Future income taxes liability (note 2)	284	218
	<u>6,133</u>	<u>5,995</u>
Shareholder's equity		
Common shares	5,126	5,126
Retained earnings	728	691
	<u>5,854</u>	<u>5,817</u>
	<u>16,483</u>	<u>16,791</u>

see accompanying notes to financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2001 (UNAUDITED)

1. Basis of Preparation

The Company's unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies and methods of computation as were used for the consolidated financial statements for the year ended December 31, 2000. These statements should be read in conjunction with the Company's December 31, 2000 audited consolidated financial statements.

2. Payment in Lieu of Taxes

The Company is responsible under the *Electricity Act, 1998* for making payments in lieu of taxes to Ontario Electricity Financial Corporation. These payments are calculated in accordance with the *Income Tax Act (Canada)* and the *Corporations Tax Act (Ontario)*, and are modified by regulations made under the *Electricity Act, 1998*.

The Company is also required to make payments in lieu of property and school taxes on its generating assets. The amount is equal to the difference between the amount it would be required to pay if the assets were privately owned and the amount of such taxes that the Company actually pays on those assets.

3. Seasonal Operations

The Company's quarterly results are impacted by changes in demand resulting from variations in seasonal weather conditions. Historically, the Company's revenues are higher in the first and third quarters of a fiscal year as a result of winter heating demands in the first quarter and air conditioning/cooling demands in the third quarter.

For further information, please contact:

Investor Relations	(416) 592-6700 1-866-381-2720 investor.relations@opg.com
Media Relations	(416) 592-4008

www.opg.com
www.sedar.com