



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 June 30, 2008, OPG had an in-service generating capacity of 22,157 MW, assets of \$25.4 billion, long-term debt of \$4.0 billion and equity of \$7.0 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.

Second Quarter 2008 in Review

- In June, the Province selected OPG to operate two new nuclear reactors at the Darlington site. OPG is participating with Infrastructure Ontario in a process to select a nuclear reactor vendor. In addition, OPG is pursuing cost recovery mechanisms and exploring financing options for the new nuclear reactors.
- In May, the first phase of construction of the Portlands Energy Centre (PEC) was completed. Under the simple cycle mode, PEC has a generating capacity of up to 340 MW. PEC will operate during the summer to meet peak demand and will be taken out of service at the end of September to complete construction for combined cycle operation. PEC is scheduled to be achieve commercial operation in combined cycle mode during the second quarter of 2009, providing up to 550 MW of power.
- In August, S&P upgraded OPG's long-term corporate credit rating from "BBB+" with a positive outlook to "A-" with a stable outlook. They also affirmed the 'A-2' global scale and 'A-1' (low) Canada scale commercial paper rating on OPG.

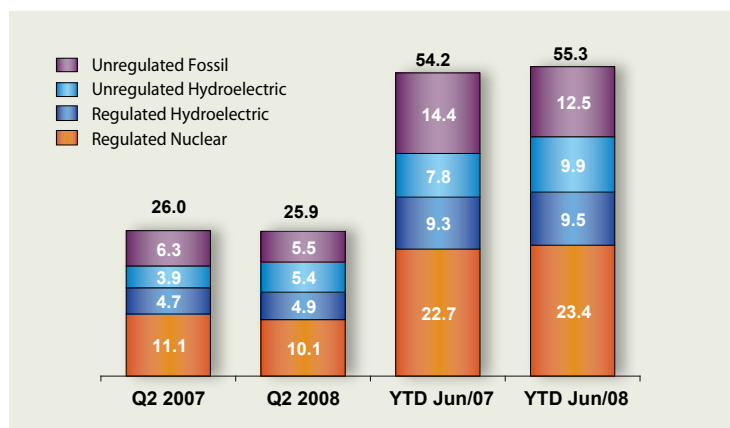
Debt Ratings

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

Financial Highlights

- Electricity generated in the second quarter of 2008 was 25.9 TWh, compared to 26.0 TWh for the same period in 2007. The decrease was primarily due to lower generation from the nuclear and fossil-fuelled generating stations, largely offset by higher electricity production from unregulated hydroelectric facilities. For the six-month period ending June 30, total production was 55.3 TWh compared to 54.2 TWh in 2007.
- Net income in the second quarter of 2008 was \$99 million, compared to \$125 million for the same period in 2007. Net income for the six months ended June 30, 2008 was \$261 million compared to \$296 million in 2007. The decrease in both the quarterly and year-to-date net income was mainly caused by lower earnings from the nuclear funds partly offset by an increase in unregulated hydroelectric generation.

Electricity Sold (TWh)



Financial Results

(\$ millions)	Three months ended		Six months ended	
	Jun 30/08	Jun 30/07	Jun 30/08	Jun 30/07
Revenue After Rebate	1,385	1,373	2,948	2,897
Fuel Expense	277	298	581	626
Gross Margin	1,108	1,075	2,367	2,271
OM&A	750	776	1,441	1,470
Other Expenses	228	106	595	354
Operating Income	130	193	331	447
Net Interest Expense & Taxes	31	68	70	151
Net Income	99	125	261	296
Capital Expenditures	134	163	262	297
(\$ millions unless otherwise noted)				
Total Assets			25,408	24,839
Total Debt			3,974	3,853
Shareholder's Equity			7,034	6,807
Total Debt/Total Capitalization (%)			36.1	36.1



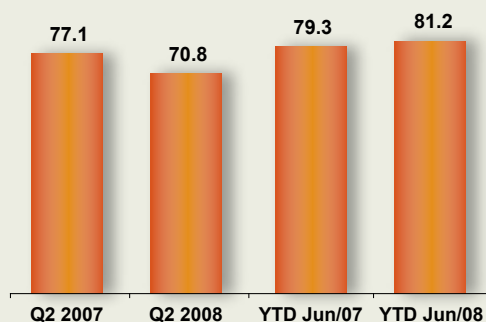
Generation Data

	As at June 30, 2008 Capacity (MW)	2007 Energy (TWh)
Regulated Nuclear		
Darlington	3,512	27.2
Pickering B	2,064	13.4
Pickering A *	1,030	3.6
	6,606	44.2
Regulated Hydroelectric by Plant Group		
R.H. Saunders Station	1,045	6.6
Niagara Plant Group	2,287	11.5
	3,332	18.1
Unregulated Hydroelectric by Plant Group		
Ottawa St. Lawrence	1,527	4.9
Northeast	1,324	4.6
Northwest	669	3.8
Evergreen Energy	120	0.5
	3,640	13.8
Unregulated Fossil		
Nanticoke	3,964	18.1
Lennox	2,120	0.8
Lambton	1,976	8.9
Thunder Bay	306	0.6
Atikokan	211	0.6
	8,577	29.0
Wind	2	--
Total	22,157	105.1

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

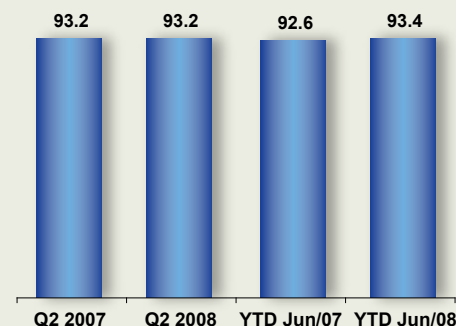
Generation Performance

Regulated Nuclear Capability Factor (%)

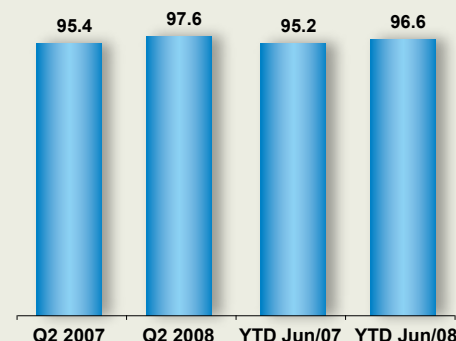


Capability Factor represents actual energy generated, adjusted for external constraints such as transmission or demand limitations, as a percentage of potential maximum generation over a specified period.

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.