



Our Company

Ontario Power Generation Inc. is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity in Ontario. OPG operates 64 hydroelectric, 5 fossil, 3 nuclear and 3 wind generating stations. At December 31, 2005, OPG had an in-service capacity of 22,173 MW, assets of \$26.1 billion, debt of \$3.9 billion and equity of \$5.4 billion.

Strategic Priorities

OPG's mandate is to cost effectively produce electricity from its nuclear, hydroelectric and fossil generating stations, while operating in a safe, open and environmentally responsible manner. To accomplish this mandate, OPG will:

- operate the Darlington and Pickering nuclear stations in a cost effective manner while undertaking prudent investments to improve their reliability and predictability;
- optimize production from its 64 hydroelectric stations as well as expand, develop, and improve its hydroelectric capacity on its own or in partnership with external parties;
- maintain the productive capability of its four remaining coal fired generating stations while operating them in an environmentally responsible manner until their scheduled closure; and
- operate in accordance with the highest standards of corporate governance, social responsibility and corporate citizenship.

2005 in Review

- On November 3, 2005, Unit 1 at the Pickering A nuclear station was returned to service on schedule and essentially on budget.
- In September 2005, construction began on the 10.4 kilometre water diversion tunnel in Niagara that will allow OPG's Sir Adam Beck stations to more effectively utilize available water and increase production by ~ 1.6 TWh per year. The project is scheduled to be in-service by late 2009.
- In August 2005, OPG's Board decided that while technically feasible, the return to service of Units 2 and 3 at the Pickering A nuclear station was not justified on a commercial basis. OPG's current focus is on improving the performance of its operating nuclear units.
- On April 30, 2005, OPG's Lakeview generation station closed operations permanently, as part of the Ontario government's plan to replace coal-fired generation.
- Effective April 1, 2005, the output from OPG's baseload hydroelectric and nuclear facilities became rate regulated, while output from its remaining hydroelectric facilities, and its fossil-fuelled and wind generating stations remain unregulated. However, the majority of the production from these unregulated facilities is subject to a revenue limit of 4.7¢/kWh until April 30, 2006.

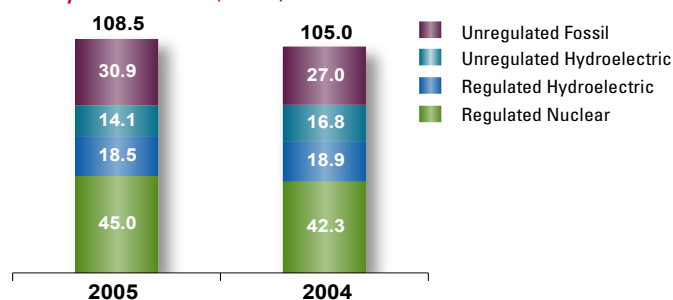
Debt Ratings

	Long Term Debt	Commercial Paper	Outlook
S&P	BBB+	A-2 (Cdn)	Positive
DBRS	A (low)	R-1 (low)	Stable

Financial Highlights

- Electricity generated of 108.5 TWh in 2005 was higher than 2004 generation of 105.0 TWh. Higher fossil-fuelled production was due to increased electricity demand and improved station reliability. Nuclear production increased primarily as a result of increased capability factors at Pickering B and Darlington stations. Hydroelectric production declined as a result of lower water levels.
- Earnings in 2005 of \$366 million was higher than 2004 net income of \$42 million. Earnings in 2005 were favourably impacted by an increase in gross margin as a result of higher average sales prices and increased nuclear and fossil-fuelled electricity production, and lower OM&A expenditures. The increase in OPG's average sales prices resulted from higher average Ontario spot market prices, and the introduction of regulated prices and other related regulatory changes effective April 1, 2005. OM&A expenses were lower due to the deferral of non-capital costs in 2005 related to the Pickering A nuclear generating station return to service project as required by regulation. The favourable earnings impacts were partially offset by an impairment loss on OPG's Lennox gas and oil-fired station, an impairment loss on Units 2 and 3 of the Pickering A nuclear station, inventory write-offs as a result of not returning Units 2 and 3 to service, and higher nuclear maintenance and repairs related to continuing improvements in station reliability.

Electricity Generated (TWh)

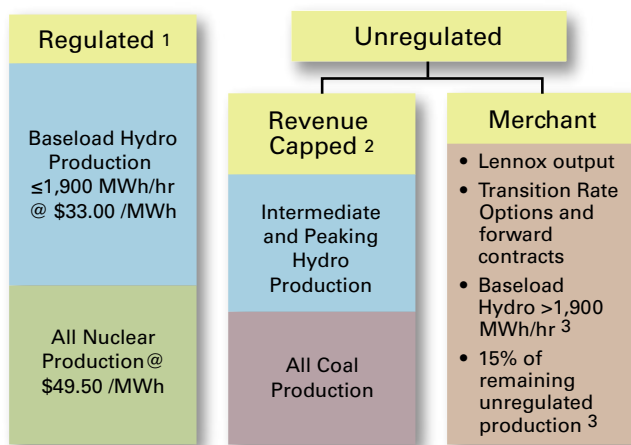


Financial Results

(\$ millions unless otherwise noted)	For the Year Ended December 31,	
	2005	2004
Electricity generated (TWh)	108.5	105.0
Revenue after rebates	5,798	4,918
Fuel expense	1,297	1,153
Gross Margin	4,501	3,765
OM&A	2,516	2,594
Other expenses	965	1,028
Operating Income	1,020	143
Impairment of long lived assets	265	0
Net Interest expense & taxes	315	101
Extraordinary item	74	0
Net (loss) Income	366	42
Capital expenditures	498	561
Total Assets	21,623	19,830
Total Debt	3,895	3,404
Shareholder's Equity	5,387	5,021
Total debt/Total capitalization (%)	42.0	40.4



OPG's Current Regulatory Structure



¹ In effect from April 1, 2005 to no earlier than April 1, 2008

² ~85% of production capped @ \$47/MWh to April 30, 2006, \$46/MWh to April 2007, \$47/MWh to April 2008, and \$48/MWh to April 2009

³ All production receives market clearing price

Generating Assets



22,173 MW of In-Service Capacity as of December 31, 2005

- 3 nuclear stations (6,606 MW)
- 5 fossil-fuelled stations (8,578 MW)
- 35 hydroelectric stations (6,855 MW)
- 29 EcoLogoTM Certified green power hydroelectric stations (127 MW)
- 3 wind power stations (7 MW)
(includes OPG's 50 per cent interest in the Huron Wind joint venture)

Generation Data

	Stations	As at Dec. 31, 2005 Capacity (MW)	2005 Energy (TWh)
Nuclear			
Darlington	1	3,512	27.6
Pickering B	1	2,064	13.9
Pickering A *	1	1,030	3.5
	3	6,606	45.0
Fossil			
Nanticoke	1	3,938	17.6
Lennox	1	2,140	1.3
Lambton	1	1,975	9.4
Lakeview **			0.6
Thunder Bay	1	310	1.0
Atikokan	1	215	1.0
	5	8,578	30.9
Hydroelectric by Plant Group			
Ottawa St. Lawrence	10	2,571	11.6
Niagara	5	2,338	11.9
Northeast	13	1,294	4.1
Northwest	10	661	4.5
Evergreen Energy	26	118	0.5
	64	6,982	32.6
Wind	3	7	--
Total	75	22,173	108.5

* Unit 1 at the Pickering Nuclear Station returned to service in 2005 and Units 2 & 3 are being placed in safe storage.

** OPG's coal-fired Lakeview station was taken out of service on April 30, 2005.