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UNDERTAKING J8.2

Undertaking

To provide the cost savings associated with the 1,450-employee reduction in 2002.

Response

OPG does not have information reasonably available to provide a precise amount of savings associated with the 1,450-employee reduction initiated in 2002. Based on estimates prepared in contemplation of the implementation of the restructuring plan in 2002, OPG approximates that the actual annual savings achieved were in the range of \$145M. OPG notes that these savings were offset in the earlier years of the implementation of the restructuring plan by estimated one-time separation costs of approximately \$380M (i.e., with the actual restructuring having an approximately 2.5 year payback period).