Fair Hydro Trust – Deal Overview

$400 Million 3.52% Senior Notes due May 15, 2038 Series 2018-2

Description

Fair Hydro Trust

C$400,000,000

Senior Notes

CIBC World Markets Inc. acted as Joint Lead and Joint Bookrunner

April 2018

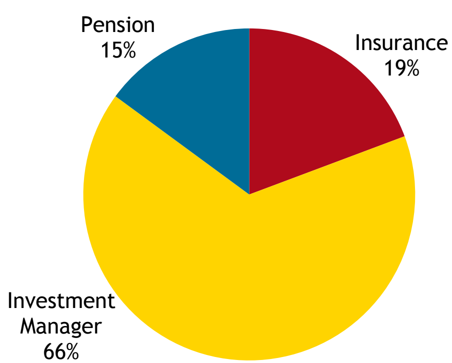
- Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario, and caused to be established by Ontario Power Generation Inc., as Financial Services Manager, created a program providing for the offering and issuance of senior notes
- Fair Hydro Trust was established in connection with the Ontario Fair Hydro Plan Act, 2017; the Province of Ontario announced its Fair Hydro Plan on March 2, 2017, which proposed to lower the average electricity bill for eligible customers by 25%

Transaction Description

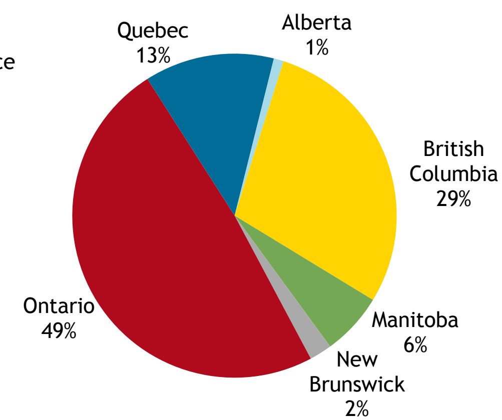
Issuer:	Fair Hydro Trust	
Pricing Date:	April 19, 2018	
Ratings:	DBRS: AAA(sf)	Moody’s: Aa2(sf)
Amount:	$400,000,000	
Coupon:	3.52%	
Expected Maturity Date:	May 15, 2038	
Principal Payment Default Date:	May 15, 2040	
Issue Spread:	+107 bps vs. GoC curve	
Price:	$100.002	
Yield:	3.52%	
Use of Proceeds:	The proceeds from the Series 2018-2 Senior Notes Offering will be used to refinance $400,000,000 of indebtedness of the Issuer previously incurred to purchase an investment interest from the IESO	

Investor Breakdown

By Type



By Geography



Deal Highlights

- Launched a minimum $300 million transaction with room to grow following discussions with a few key investors
- Spread guidance of +110 bps (+/- 3 bps) vs. the GoC curve
  - Well oversubscribed order book of ~$1.1 billion allowed for pricing at the tight end of spread guidance, for a coupon of 3.52%, and an upsized transaction size of $400 million
- Broadly distributed to 34 investors with 13 new buyers showing strong breadth for a second offering, new buyers represented ~22% of the deal
- Pricing to comparable credits
  - Province of Ontario +32 bps
  - Ontario utilities ~-13 bps