Fair Hydro Update

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Secretary

Below is an update on the result of the second tranche of OPG Trust financing. You received an update after the first tranche.

Thanks,
Boafoa

- On April 24, 2018, the Fair Hydro Trust (FHT) closed its second issuance of long-term debt in the capital markets. The issuance included $400 million of senior notes with an interest rate of 3.52 per cent.

  According to Ontario Power Generation (OPG), this rate is 32 basis points over the provincial borrowing rate, and 13 basis points below Ontario utilities.

- As a result of the first and second issuances, a total of $900 million of senior notes has been issued by the FHT to date.

- Under OPG's Financing Plan, the debt incurred by the FHT is split into senior (51 per cent), subordinated (39 per cent), and junior subordinated (10 per cent) debt.

  Accordingly, the FHT also issued $306 million of subordinated debt at a rate of 3.83 per cent and $78 million of junior subordinated debt at a rate of 4.21 percent.

  The weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated) is 3.71 per cent, compared to a weighted average of 3.53 per cent for the first issuance.

- As a result of the first and second issuances, a total of $1.77 billion of long-term debt has been issued, with a weighted average interest rate of 3.61 per cent.

- In accordance with the Financing Plan, the FHT will continue to incur short-term debt on a regular basis to fund purchases of the investment asset from the Independent Electricity System Operator (IESO), which will then be periodically refinanced through the issuance of long-term debt.