

TERM

SENIOR SERIES ~~{2018-1}~~ SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

**COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee**

and

**BNY TRUST COMPANY OF CANADA
as Indenture Trustee**

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF DECEMBER ~~●~~, 21, 2017

**AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ●, SERIES 2018-1
OF FAIR HYDRO TRUST**

Made as of ●, 2018

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●% SENIOR NOTES DUE ●, SERIES 2018-1

THIS SENIOR NOTES SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”) is made as of ●, 2018, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the “**Issuer**”) and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the “**Indenture Trustee**”).

WHEREAS pursuant to the Trust Indenture dated as of December ●, 21, 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the “**Trust Indenture**”), provision was made for the issuance of Senior Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ●, Series 2018-1 (the “**Series 2018-1 Senior Notes**”);

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2018-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2018-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2018-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2018-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2 SERIES 2018-1 SENIOR NOTES

2.1 Creation of Series 2018-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the “●% Senior Notes due ●, Series 2018-1.”

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2018-1 Senior Notes will:

- (a) be designated as set out in Section 2.1;
- (b) be Senior Notes;
- (c) not be divided into Tranches;
- (d) be unlimited in principal amount but initially will have a Stated Principal Amount of \$● to be issued on the date hereof, provided that the principal amount of the Series 2018-1 Senior Notes may be increased after the date hereof without the consent of any ~~holder of~~ Series 2018-1 ~~Senior Notes~~ Noteholder or any holder of any Notes of any other Class, Series or Tranche, but subject to satisfaction of the Rating Agency Condition;
- (e) be denominated in Canadian dollars;
- (f) not be listed on any securities exchange;
- (g) be issued as a Registered Note in minimum denominations of \$150,000 and integral multiples of 1,000;
- (h) ~~be issued~~ be issued in the form of a Global Note and the depository thereof shall be the Canadian Depository;
- (i) ~~(h)~~ be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;
- (j) ~~(i)~~ bear interest at a rate of ●% per annum;
- (k) ~~(j)~~ accrue interest from the later of: (i) ●, 2018 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Series 2018-1 Senior Notes;

(l) ~~(k)~~ have interest paid in equal semi-annual instalments ~~(except the initial interest payment)~~ on the Payment Dates occurring in the months of April and October in each year (each, an “**Interest Payment Date**”) commencing with the Payment Date occurring in the month of ~~April~~, 2018 in respect of the Series 2018-1 Senior Notes issued prior to such date;

(m) ~~(h)~~ subject to the occurrence of an Acceleration Event, mature on, and have ●, 20●, as their sole Principal Payment Date with a principal payment amount on such Principal Payment Date equal to the then Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes;

(n) ~~(m)~~ have ●, 20● as their Principal Payment Default Date;

(o) ~~(n)~~ subject to the occurrence of an Acceleration Event, have ●, 20● as their Principal Accumulation Date;

(p) ~~(o)~~ subject to the occurrence of an Acceleration Event, have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Dates	Principal Accumulation Amounts
Payment Date in the month of ●	\$●
Payment Date in the month of ●	\$●
Payment Date in the month of ●	\$●
Payment Date in the month of ●	\$●

(q) ~~(p)~~ after the occurrence of an Acceleration Event and for so long as it continues, each Payment Date shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the full Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date;

(r) ~~(q)~~ have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date; and

(s) ~~(r)~~ be redeemable and subject to repurchase as provided in Section 2.6 below; ~~and(s) [not be subject to defeasance as contemplated by Section 2.08 of the Trust Indenture] [be subject to defeasance in accordance with Section 2.08 of the Trust Indenture].~~

2.3 Delivery

On the date of issuance of the Series 2018-1 Senior Notes, Series 2018-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any ~~taxes~~Taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2018-1 Senior Notes) will on each Interest Payment Date, make payment of such interest, less any ~~taxes~~Taxes required by law to be deducted or withheld, by wire transfer to each ~~holder of a~~ Series 2018-1 ~~Senior Note~~Noteholder as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2018-1 Senior Note to the extent of the sum represented thereby (plus the amount of any ~~taxes~~Taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order ~~of holders~~ of Series 2018-1 ~~Senior Notes~~Noteholders on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2018-1 Senior Notes to the extent of the sum represented thereby.

2.6 ~~{~~Redemption and Repurchase

~~{NTD: Redemption features to be discussed.}~~

(a) At its option, at any time prior to ~~●, 20●- {par call date}~~the Par Call Date, the Issuer may redeem the Series 2018-1 Senior Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~Redemption Price equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2018-1 Redemption Date. At any time on or after ~~●, 20●- {par call date}~~the Par Call Date, the Issuer may redeem the Series 2018-1 Senior Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~Redemption Price equal to par, together with accrued and unpaid interest to the Series 2018-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption, and will provide a copy of such notice to DBRS and Moody's upon the issuance thereof. Less than all of the Series 2018-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section 4.10 of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2018-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Less than all of the Series 2018-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section 4.11 of the Trust Indenture.

~~(c) The Series 2018-1 Senior Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions.}~~

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2018-1 Noteholder and each of their respective officers, directors, agents and employees (each, an “**Issuer Indemnified Person**”) from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of: (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys’ fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 7.04 or Section 8.13 of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a “**Recipient**”) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code (“**FATCA**”), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the “**AEOI Legislation**”); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called “**Excluded Taxes**”). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts

specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2018-1 Senior Notes

On or prior to the initial issuance of Series 2018-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 3.1 of this Supplemental Indenture shall be true and correct in all material respects, and the Issuer shall be in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Series 2018-1 Senior Notes ~~will~~shall have been rated [AAA(~~sps~~sf)] by DBRS and [~~Aaa(sp~~Aa2(sf)] by Moody's.

(d) The Indenture Trustee shall have received (i) the Adherence Compliance Certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

2.10 Delivery to Depository

Promptly following the issuance of the Series 2018-1 Senior Notes, the Global Note representing such Notes shall be delivered to the [Canadian](#) Depository (or as it may direct) for deposit into its book-based system for the benefit of the Note Owners of such Notes.

2.11 Acceleration Events

If a Series 2018-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02(a) of the Trust Indenture, the Series 2018-1 Noteholders may by Ordinary Resolution (with notice of such Ordinary Resolution being provided to the Issuer and the Indenture Trustee) determine to declare the Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary. The Issuer shall give prompt written notice to DBRS [and Moody's](#) of the occurrence of an Acceleration Event.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2018-1 Noteholder that:

- (a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;
- (b) the Issuer Trustee and the Issuer are not Non-residents;
- (c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;
- (d) the Issuer has not changed its name;
- (e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and
- (f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4 GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section 9.07 of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2018-1 Noteholders) hereby acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as ~~a Specified Creditor~~ Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments to be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any

provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2018-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2018-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given, in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (iii) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and

assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2018-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signatureSignature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY
OF CANADA, ~~as Issuer-Trustee~~in its capacity
as trustee of
FAIR HYDRO TRUST, as Issuer, ~~by its-~~
~~Manager,~~
ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By:

Name:

Title:

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee and not in its individual
capacity

By:

Name:

Title:

By:

Name:

Title:

SCHEDULE A

DEFINITIONS

“**Acceleration Event**” means either:

- (a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or
- (b) the Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes and all interest accrued and unpaid thereon is declared to be due and payable under Section ~~2.10~~2.11.

“**AEOI Legislation**” has the meaning specified in Section 2.8(a).

“**Excluded Taxes**” has the meaning specified in Section 2.8(a).

“**FATCA**” has the meaning specified in Section 2.8(a).

“**Government of Canada Yield**” on any date means, in respect of the Series 2018-1 Senior Notes to be redeemed, the yield from the Series 2018-1 Redemption Date to ~~● [par call date]~~the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ~~● [par call date]~~the Par Call Date (calculated from the Series 2018-1 Redemption Date) ~~of the Series 2018-1 Senior Notes~~, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

“**Indenture Trustee**” has the meaning specified in the recitals of this Supplemental Indenture.

“**Interest Payment Date**” has the meaning specified in Section 2.2(l).

“**Issuer**” has the meaning specified in the recitals of this Supplemental Indenture.

“**Issuer Indemnified Person**” has the meaning specified in Section 2.7.

“**Par Call Date**” means ●, 20●.

“**Recipient**” has the meaning specified in Section 2.8(a).

“**Requisite Series 2018-1 Noteholders**” means Series 2018-1 Noteholders holding, in aggregate, at least ~~150~~1% of the Series 2018-1 Senior Notes then Outstanding.

“**Series 2018-1 Canada Yield Price**” means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to ~~● [par call date]~~the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third

Business Day preceding the Series 2018-1 Redemption Date specified in the notice of redemption delivered pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture, plus ●%.

“**Series 2018-1 Event of Default**” means any one of the following events (whatever the reason for such Series 2018-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2018-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2018-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 3.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a “Notice of Default” hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2018-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2018-1 Event of Default), and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a “Notice of Default” hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period; or

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Senior Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations.

“**Series 2018-1 Noteholder**” means a Person in whose name a Series 2018-1 Senior Note is registered in the Note Register.

“**Series 2018-1 Redemption Date**” means a date fixed for redemption of the Series 2018-1 Senior Notes pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture.

“**Series 2018-1 Senior Note**” means any one of the Series 2018-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

“**Supplemental Indenture**” means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions “hereof,” “herein,” “hereto,” “hereunder,” “hereby” and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

“**Termination Event**” means any Acceleration Event or Series 2018-1 Event of Default, or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2018-1 Event of Default.

“**Trust Indenture**” has the meaning specified in the recitals of this Supplemental Indenture.

SCHEDULE B

FORM OF SERIES 2018-1 SENIOR NOTE

~~FORM OF NOTE~~

~~**SERIES 2018-1 SENIOR NOTE**~~ FOR GLOBAL NOTES ONLY: THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF CDS & CO. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO FAIR HYDRO TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]

EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — *RESALE OF SECURITIES*, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LAWS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY.

FAIR HYDRO TRUST

(A trust established under the laws of the Province of Ontario)

<u>No. ●</u>	<u>\$●</u>
	<u>CUSIP: ●</u>
	<u>ISIN: ●</u>

GLOBAL NOTE

● % SENIOR NOTE DUE ●, SERIES 2018-1

Fair Hydro Trust (herein referred to as the “Issuer”), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017, for value received, hereby promises to pay the principal sum of \$● to the registered holder hereof on ●, 20● (the “Principal Payment Date”) or on such earlier date as the principal amount hereof may become due, in accordance with the provisions set forth in the Trust Indenture and the Supplemental Indenture. The Issuer will pay interest on the outstanding principal amount of this Series 2018-1 Senior Note in accordance with Section 2.4 of the

Supplemental Indenture on each Interest Payment Date (as defined below) at the rate of ●% per annum in equal semi-annual instalments on the Payment Dates occurring in the months of April and October in each year (each, an “Interest Payment Date”) commencing on April ●, 2018 (provided that the initial interest payment payable on April ●, 2018 will be in an aggregate amount equal to \$● per \$1,000 principal amount) until the principal of this Series 2018-1 Senior Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental Indenture. The principal of and interest on this Series 2018-1 Senior Note are payable in Canadian dollars.

Beginning on the first Payment Date following the occurrence of an Acceleration Event, the principal of this Series 2018-1 Senior Note shall be paid in full on each such Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2018-1 Senior Note shall be paid in the manner specified on the reverse hereof.

Reference is made to the further provisions of this Series 2018-1 Senior Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2018-1 Senior Note. Although a summary of certain provisions of the Trust Indenture and Supplemental Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2018-1 Senior Note does not purport to summarize the Trust Indenture and Supplemental Indenture and reference is made to the Trust Indenture and Supplemental Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. In the event that there is any inconsistency between the provisions of the Trust Indenture or Supplemental Indenture and the provisions hereof, the provisions of the Trust Indenture and Supplemental Indenture shall govern. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Indenture and Supplemental Indenture. Copies of the Trust Indenture and Supplemental Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2018-1 Senior Note shall not be entitled to any benefit under the Trust Indenture and Supplemental Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-1 Senior Note to be duly executed.

COMPUTERSHARE TRUST
COMPANY OF CANADA, in its
capacity as trustee of FAIR HYDRO
TRUST, as Issuer by
ONTARIO POWER GENERATION
INC., not in its individual capacity but
solely as Manager

By:

Name:

Title:

By:

Name:

Title:

Dated: _____, 2018

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the ●% Senior Notes due ●, Series 2018-1 described in the within-mentioned Trust Indenture and Supplemental Indenture.

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, SERIES 2018-1

Summary of Terms and Conditions

This Series 2018-1 Senior Note is one of a duly authorized Series of Senior Notes of the Issuer, designated as the ●% Senior Notes due ●, Series 2018-1 (the “Series 2018-1 Senior Notes”), issued under a trust indenture dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the “Trust Indenture”), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the “Indenture Trustee,” which term includes any successor Indenture Trustee under the Trust Indenture), as amended and supplemented by the Senior Series 2018-1 Supplemental Indenture, dated as of ●, 2018 (the “Supplemental Indenture”), and representing the right to receive certain payments from the Issuer. Except as set forth in the Supplemental Indenture, the Series 2018-1 Senior Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2018-1 Senior Note and not otherwise defined herein shall have the meanings assigned to them in or pursuant to the Supplemental Indenture.

The Series 2018-1 Senior Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

“Payment Date” means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on April 15, 2018.

As described above, all amounts payable on maturity with respect to this Series 2018-1 Senior Note shall be due and payable on the Principal Payment Date, in accordance with Section 2.5 of the Supplemental Indenture. All principal payments of the Series 2018-1 Senior Note shall be deposited with the Indenture Trustee.

Payments of interest on this Series 2018-1 Senior Note are due and payable on each Interest Payment Date or such other date as may be specified in the Supplemental Indenture by wire transfer to each Series 2018-1 Noteholder as of the Record Date. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

The Series 2018-1 Senior Notes are redeemable in accordance with Section 2.6 of the Supplemental Indenture and Section 4.10 of the Trust Indenture.

The Indenture Trustee (on behalf of each Series 2018-1 Noteholder), acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13

(Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

The Trust Indenture and Supplemental Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Series 2018-1 Noteholders under the Trust Indenture and Supplemental Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2018-1 Senior Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2018-1 Noteholders and upon all future holders of this Series 2018-1 Senior Note and of any Series 2018-1 Senior Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2018-1 Senior Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2018-1 Senior Note includes any successor to the Issuer under the Trust Indenture.

The Series 2018-1 Senior Notes are issuable under the Book-Entry System in minimum denominations of \$150,000 and integral multiple of \$1,000. The right of beneficial holders of this Series 2018-1 Senior Note to receive fully registered definitive note certificates is restricted. The Series 2018-1 Senior Notes of any authorized denomination may be exchanged, as provided in the Trust Indenture, for Series 2018-1 Senior Notes of an equal aggregate principal amount in any other authorized denomination or denominations.

This Series 2018-1 Senior Note, the Trust Indenture and Supplemental Indenture, and all matters arising out of or relating to this Series 2018-1 Senior Note, the Trust Indenture or Supplemental Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and Supplemental Indenture and no provision of this Series 2018-1 Senior Note or of the Trust Indenture and Supplemental Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2018-1 Senior Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

REGISTRATION PANEL

**(No writing on this panel except
by the Note Registrar)**

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Note Registrar</u>

Document comparison by Workshare Compare on January-05-18 11:06:41 AM

Input:	
Document 1 ID	file:///C:/Users/bsaulnie\AppData/Local/Temp/Workshare/wmtemp2e5c/Fair Hydro - Term - Senior Supplemental Indenture.docx
Description	Fair Hydro - Term - Senior Supplemental Indenture
Document 2 ID	file:///C:/Users/bsaulnie/Desktop/New folder/Senior Supplemental Indenture.docx
Description	Senior Supplemental Indenture
Rendering set	Firm_Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	146
Deletions	79
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	225