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We have been discussing the Change of Law Protection and Process Agreements with the dealers and their counsel, and there continues to be a strong desire to try and simplify the Protection Agreement as best we can to make it absolutely clear to investors that once debt has been issued they have the benefit of the change of law protection agreement for any amounts owing under the term of that debt. The Adherence Conditions in the Protection Agreement, in particular, are causing some concerns because these are not straight forward provisions that make it absolutely clear when an obligation actually constitutes an Approved Obligation. We have gone part way to address these concerns by including the language that says a certificate can be relied upon once issued by OPG, and by creating two agreements and including all of the "back office" deliverables and oversight mechanics in the Process Agreement between the Province and OPG. But we would like to complete this simplification and really make this a non-issue for investors and OPG, while at the same time leaving the Province in effectively the same position as it currently is in under the agreements.

To that end, here is our proposal:

- The Change of Law Protection Agreement would apply to all Funding Obligations or that otherwise is a payment obligation of the Trust that gives rise to a Finance Amount. We don't view this as a substantive change because currently "Primary Obligations" includes all Funding Obligations and everything that constitutes a Finance Amount (subject to limited carve-outs that apply to the Limited Guarantee, which we have preserved below).

- The Limited Guarantee would capture all Funding Obligations or that otherwise is a payment obligation of the Trust that gives rise to a Finance Amount, excluding any amounts required to be deposited into capital and reserve accounts, amounts that would be remaining amounts of Available Collections required to be held in the Collection Account and any obligation to pay the Trust for remaining amounts of Available Collections. These are the same carve-outs to the definition of "Primary Obligations" so we do not view this as a substantive change.

- The Adherence Conditions would be moved from the Change of Law Protection Agreement and into the Change of Law Process Agreement. We don't view this as a change of significance. The Province would continue to have assurance that the Adherence Conditions are satisfied.

- The Province would have the right to suspend application of the Change of Law Protection Agreement <u>at any time and for any reason</u> by delivery of a Suspension Notice to the indenture trustee/the Trust/the FSM. Following suspension, the Change of Law Protection Agreement would continue to apply to all Primary Obligations of the Trust other than new Funding Obligations relating to the incurrence of debt by the Trust provided that refinancings of existing Funding Obligations would not be considered to be new Funding Obligations. The potential existence of drawn amounts in the warehouse facility when the suspension commences makes the continued availability of refinancings on a protected basis important. This would give the Province a much broader right to suspend application of the agreement than it currently has (suspension rights are currently limited to a breach by OPG of the Process Agreement or an acceleration of debt). As the Province will continue to have the benefit of all of the reporting required from OPG in the Process Agreement and comfort that the Adherence Conditions are required to be satisfied, we think this gives the Province significant comfort that they will have control over the potential scope of their protected obligations.

- After suspension, the Trust could issue new Funding Obligations relating to the incurrence of debt by the Trust that are not covered by the Protection Agreement if their issuance was approved by the Specified Creditors of the Trust. Although this would be a theoretical possibility, we believe it is unlikely there will be a market for non-protected debt. We understand that retaining this flexibility may be an important factor from an accounting perspective.

Rima Ramchandani